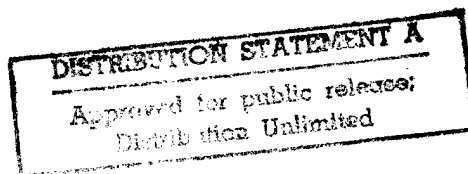


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USSR Report

WORLD ECONOMY AND INTERNATIONAL RELATIONS

No. 9, September 1984

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13 December 1984

USSR REPORT

WORLD ECONOMY AND INTERNATIONAL RELATIONS

No 9, September 1984

Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations, USSR Academy of Sciences.

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Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,
Sep 84 (signed to press 14 Aug 84) pp 158-159

[Text] The article "Along the Road of Magnificent Accomplishments" discusses the results and prospects of the economic summit of the countries of the Council for Mutual Economic Assistance (CMEA). It stresses the historic importance of the founding of the CMEA. The correctness and timeliness of the collectively worked-out course of deepening cooperation and developing socialist economic integration, which have become an important factor of the all-round progress of each of the fraternal countries, has been fully confirmed. The article notes that the economic summit defined the range of the tasks stemming from internal and external conditions which have changed in recent years. The main emphasis being laid on the expansion and improvement of material production, on all the reserves of cooperation that must be brought into play for the accomplishment of these tasks. The article says that in particular, closer cooperation is needed in working out and implementing economic policy, that acceleration of scientific and technological progress in every way is of paramount importance for the intensification of the economy and rapid increase of labor productivity. The article outlines that economic and social progress of the CMEA countries is in sharp contrast to the crisis situation in the capitalist world. It points out that the summit meeting has singled out top priority tasks: ending the arms race, going over to reduction of armaments and maintaining military-strategic equilibrium at progressively low levels. The article lays stress that the Conference participants reiterated the firm intention of their countries to develop fruitful countries and developed capitalist states which display readiness to do so.

The radical shifts in the correlation of forces on the international arena which have taken place during the last decades, the deep changes in the system and structure of interstate relations have not done away with the principal class contradiction of the epoch--the one between socialism and capitalism. The problem of peaceful coexistence, that is to say of relations between states with different socio-economic systems has emerged. V. Razmerov in the article "The Vital Alternative" considers peaceful coexistence as an imperative, the principal and only way for humanity to survive. The article points out that the entire foreign policy activity of the USSR witnesses of the correctness and historical topicality of the Leninist principle, that socialism and peace are indivisible. The powerful defense potential which has been built by the Soviet

Union and other countries of the socialist community has considerably influenced present-day interstate relations, brought about profound changes in their very structure. All this has positively affected the international climate, made possible the posing and solution in a new way of many global problems, primarily those of war and peace. The new initiatives of the CPSU on the fundamental issues of our times have opened a wide prospect for removing the military threat, for a peaceful coexistence of states with different social systems, for the freedom and independence of nations. The noted initiatives have been supported by the Marxist-Leninist parties all over the world. The Soviet Union proposes to stop the dangerous race in the field of armaments. It has come out with a number of initiatives to limit and reduce all weapons, in particular nuclear, up to and including their complete banning. The Soviet Union believes that military and strategic parity between the USSR and U.S.A. is of principle and historical importance in the struggle of the socialist states against a global nuclear calamity. The Soviet Union's Program for peace for the 1980's is a platform for practical actions. The fate of detente is what agitates mankind.

I. Bulychiev in the article "Escalation of Aggression. On the U.S. Policy in Central America" covers the situation in the region, which has sharply aggravated since the Reagan administration rose to power. Having turned the policy of international terrorism into the basic element of its global strategy Washington is making attempts to impose upon the peoples of the region a solution of the Central American crisis from the "strength positions". The Reagan administration tries at large to strangle the Sandinist revolution and suppress the liberation movement in Central America. A so-called "undeclared war" has been unleashed against the heroic people of Nicaragua who won the hard struggle against Somoza dictatorship the right to decide their own fate and undertook the peaceful construction of the country. During the five years since the victory of the revolution the CIA has been conducting secret operations against the country, heading the armed bands of Nicaraguan counterrevolutionaries. The article shows the major achievements of the Nicaraguan people in their peaceful post-war construction, the process of national reconstruction and their determination to defend their freedom and the achievements of the revolution. The government of Nicaragua together with the peace-loving forces of the region and the Contadora countries (Mexico, Venezuela, Colombia and Panama) exerts every effort to prevent the outbreak of a regional war, to find a peaceful political solution to the urgent problems of Central America in the interests of strengthening security in the region. The article lays stress on the peace-loving initiatives of Nicaragua, on the Contadora countries' effort to reach a political settlement of the Central American crisis, for turning the region into a zone of peace and political stability. All these peace-loving efforts are openly opposed by the Reagan administration which has embarked upon the path of escalation of aggressive actions and the military solution of Central America problems.

The debt crisis is one of the gravest world economic problems, discussed in special and mass literature, disputed at international conferences and meetings. The specialists and experts in the West regard this problem only in the context of the developing countries cross-border debt, owed to the international banking system and other private creditors. I. Korolev in the article "International Debt Crisis" argues that the noted problem cannot be reduced to the indebtedness

of the developing countries. According to the author the origins of the nowadays debt crisis must be traced in the domestic and foreign problems of the developed capitalist states, the U.S.A. in particular. The author puts special emphasis to the fact that the American administration, private corporations and banks became the important borrowers on the international money markets, thus translating its internal economic difficulties into the phenomenon of the really international scale. The cyclical character of the capitalist economy is the main cause of recurrent debt crises which usually involve such symptoms as the relative shortage of money capital, soaring interest rates, general deterioration of the financial status of all categories of borrowers. Western countries strive to solve the debt problem launching an attack on the developing countries accomplishments in their struggle for the restructuring of the North-South relationship. Using the debt pressing the imperialist states dictate the desirable directions of the developing countries economic development in full conformity with their strategic goals. In order to provide for the unimpeded servicing of existing obligations the industrial capitalist countries propose a "radical" solution of the debt problem: denationalization of some industries, more access of TNC's to natural resources and the like. Thus the international debt crisis contributed to the aggravation of the North-South relations.

M. Baskakova in the article "State Sector in the Economy of Japan" states that the bourgeois government interference with the macroeconomic matters has recently gained special importance. By the early 1980's the state sector in Japan has met the performance targets of the monopoly capital which strived hard to attain high rates of economic growth on the basis of state-owned production infrastructure. Nowadays, staying abreast of its international competitors, the Japanese monopoly capital uses the pretext of financial crisis to launch an open onslaught on the state sector, aiming at its drastic curtailment. These efforts take the form of the so-called administrative and financial reform, now under way. This reform was elaborated by the Liberal Democratic Party in close contact with the business circles. The author assesses the dimensions and the main functions of the state sector in Japan. The presented data suggests an increasing in the pace of state investments in production infrastructure, providing for the adjustment to the contemporary reproduction requirements. The portrait of Japanese state entrepreneurship proceeds the analysis. The economic evidence of the 1960's testified to the relative lagging of the economic infrastructure, being inadequate to the achieved level of the development of private capital. By the early 1970's another problem appeared on the national agenda--the low efficiency of the state sector along with the stubborn trend towards the deterioration of the financial status of state enterprises. The administration reform envisaged the rationalization of state sector, recommending the expansion of mixed enterprises and even the privatization of some state enterprises. This policy would involve considerable societal impacts upon the social position of state employees.

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RESULTS OF JUNE CEMA CONFERENCE PRAISED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9, Sep 84 (signed to press 14 Aug 84) pp 3-12

[Editorial: "Along a Path of Magnificent Accomplishments"]

[Text] Thirty-five years is not, seemingly, that significant a period of time in the calendar of world history. But it has been in these years that the new category called "international socialist relations" has appeared and become a firm part of practice. It was born and has become firmly established as the logical result of the triumph of the Great October Socialist Revolution and the peoples' selfless struggle against the imperialist policy of exploitation and aggression. It expanded and strengthened when, after World War II, the decisive role in whose outcome was performed by the world's first socialist state, many peoples of Europe and Asia and, subsequently, other parts of the world also embarked on the path of building a new society.

The community of socialist states united in CEMA has been in existence and developing fruitfully for more than three and a half decades now. This community is a model of entirely new relations between countries. The lofty principles of socialist internationalism, complete equality, comradely mutual assistance and collective cooperation in the name of common goals appear before mankind in all their magnificence and scale. V.I. Lenin's ideas concerning the fact that "the workers are counterposing the old world, the world of national oppression, national bickering or national isolation, a new world of the unity of working people of all nations in which there is no room either for a single privilege or man's least oppression of man"* have been materialized for the first time in history in the activity of CEMA.

The creation and strengthening of international socialist relations may be boldly put among the most important achievements of world socialism. CEMA has given the world the unique experience of the equal cooperation of a large group of countries, the combination of their national and common interests and the practical realization of the principles of socialist internationalism.

The community's strength lies in the unity and cohesion of the states incorporated in it. True to Lenin's ideas of the international unity of socialist nations,

* V.I. Lenin, "Complete Works," vol 23, p 150.

the communist and workers parties are displaying daily concern for a strengthening of the interaction and utmost deepening of ties between the fraternal countries.

The economic conference of the CEMA countries was striking testimony to this. The idea of the convening of such a conference was put forward by the 26th CPSU Congress and unanimously supported by the leadership of all countries of the community. The convening of the conference was dictated by life itself and the need for discussion at top party and state leadership level of the fundamental problems and strategic tasks of socialist economic integration.

The top-level economic conference of the CEMA countries was held 12-14 June 1984 in Moscow. Delegations of the 10 CEMA members took part: Bulgaria, Hungary, Vietnam, the GDR, Cuba, Mongolia, Poland, Romania, the USSR and the CSSR. The conference was held in a constructive, businesslike spirit and in an atmosphere of friendship, complete mutual understanding and unity and a frank exchange of opinions. It revealed a community of evaluations and views on key problems of the life of the socialist community and the international situation and expressed the collective endeavor to further strengthen the cohesion of the fraternal parties and states.

The conference was an event of paramount importance not only in the history of world socialism but also of the international communist and workers movement. Program documents--the statement on the Basic Directions of the Continued Development and Extension of the CEMA Countries' Economic and Scientific-Technical Cooperation and the CEMA countries' declaration "The Preservation of Peace and International Economic Cooperation"--were unanimously approved and signed in the course of the conference.

The content of these documents testifies to the formation of a new stage in the activity and development prospects of CEMA and the solution of an entire set of problems of the deepening of socialist economic integration. Here lies the truly historic significance of the conference. Its participants deemed it expedient to take a new step forward in the direction of the further concordance of economic policy and to hold regular top-level meetings for tying together fundamental strategic directions of the CEMA countries' development. The collective work of the communist and workers parties and governments on perfecting economic cooperation and exchanging experience of economic building will thereby be stimulated considerably. The cooperation mechanism, which is designed to contribute to the countries' interest in mutual cooperation, will become more effective.

"Thirty-five years ago, when CEMA was being set up," K.U. Chernenko, general secretary of the CPSU Central Committee and chairman of the USSR Supreme Soviet Presidium, observed in his speech at the reception in honor of the conferees, "we did not have nor could we have had readymade prescriptions for such cooperation. Both in the building of the new progressive society and the organization of fraternal interaction we walked and continue to walk uncharted paths trodden by no one before us. It is understandable that there have been both shortcomings and failures connected both with objective and subjective factors on this big historical path. But the main thing is that the vital need for and efficiency of our all-around economic ties have been corroborated convincingly."

Taking advantage of the benefits of the planned system of economic management and relying on mutual cooperation, the CEMA countries have in the past scored major successes in economic and scientific-technical development, a rise in the people's well-being and socialist and communist building. The new type of relations between states did not arise all at once. It took shape gradually, via the purposeful efforts of the Marxist-Leninist parties, which were the initiators and organizers of the international socialist division of labor. The fraternal parties performed a tremendous amount of work on the organization of at first the simpler and, subsequently, complex forms of cooperation.

Having united their efforts, the socialist countries held fast in the grimmest conditions of the cold war and the policy of economic blockade, isolation and boycott pursued against them by international imperialism. They not only coped with the backwardness bequeathed by capitalism and the devastating consequences of World War II but became the most dynamic economic force in the world and achieved impressive successes in the competition with capitalism.

No one and nothing can refute the historical fact that the economy developing the most rapidly and steadily in the modern world is that of the CEMA countries. The socialist community represents a strong economic complex. Ten percent of the world's population lives here producing 25 percent of the world's national income. The CEMA countries produce 33 percent of world industrial output, including 22 percent of electric power, 32 percent of steel, 34 percent of engineering products, 32 percent of chemical commodities, 33 percent of mineral fertilizers and 22 percent of cement. Some 32 percent of the coal, 24 percent of the oil and 35 percent of the natural gas are produced in the CEMA countries. They account for one-third of world scientific-technical potential. We would note for comparison that the relative significance of the EEC states (1983) constituted 15 percent in the world production of electric power, 17 percent of steel, 13 percent of mineral fertilizers and 9 percent in the production of coal.

The CEMA countries' national income increased by a factor of more than 8.6 from 1950 through 1983, while the volume of industrial production increased by a factor of 14. In this same period the corresponding indicators were far lower in the capitalist countries--3.4 and 3.8. Today even the socialist community countries are more than three times in excess of the per capita average world industrial production level and are considerably superior to the industrial capitalist states in a number of items.

The CEMA countries are revealing the fundamental social advantages of socialism increasingly graphically. The programs which are being implemented are contributing to satisfaction of the population's growing material and spiritual requirements and to a rise in their living standard. In 1983 real income per capita in the CEMA countries as a whole had increased almost fivefold compared with the start of the 1950's. This figure reflects the results of the selfless labor of peoples guided by communist and workers parties and of the countries' fraternal cooperation.

In 1969 the Council's 23d (Special) Session adopted at top party-state level decisions aimed at the closer unification of the members' efforts. Two years later these decisions were embodied in the Comprehensive Program of the Further

Extension and Improvement of Cooperation and the Development of the Socialist Economic Integration of the CEMA Countries. As the conference observed, the collectively formulated policy of an extension of cooperation and socialist economic integration has been "an important factor of the all-around progress of each fraternal country and the rapprochement of economic development levels." In the past 15 years the countries of the community have doubled the volume of their industrial production, while the developed capitalist states increased it by only a little more than one-third. The socialist division of labor has deepened considerably, and the CEMA countries' reciprocal commodity turnover has grown by a factor of 4.9 compared with 1970 (in current prices).

The CEMA countries have also scored certain successes in implementation of the national economic plans of the first 3 years of the current 5-year plan. As is known, there has been an objective deterioration in recent years in the conditions of economic operation brought about by the increased costs of many factors of production (particularly of fuel, energy, raw material and others). But taking advantage of the benefits of the international socialist division of labor and relying on mutual cooperation, the socialist community countries are continuing to build up economic and scientific-technical potential.

Aggregate national income of the CEMA countries increased more than 7 percent in 1981-1983 (and its rate of increase in 1983 was 1.5 times higher, furthermore, than in 1982), while industrial production increased almost 10 percent. Socialism's material base is developing rapidly--in the said period fixed industrial capital in the CEMA countries increased by 7-35 percent.

It should be emphasized particularly that under the conditions of the sharp increase in the scale of production the absolute value of each percentage increase has a tendency toward "weighting," that is, a different weight than, say 25-30 years ago. In the USSR, for example, currently a 1-percent increase in national income is more than 8 percent greater in its material charge than the increase in 1950. In Bulgaria this indicator constituted over 10 percent, and in the GDR 6 percent.

Under the complex conditions connected with the situation on the raw material markets the majority of CEMA countries has succeeded in recent years in appreciably improving the correlation between the growth of national income and the increased consumption of the raw material, fuel and energy necessary for its production. This is a highly important qualitative indicator.

The said successes could not have occurred without the joint concerted efforts of the socialist community countries and without socialist economic integration.

"But it is not, of course, only a question of the rate of economic growth," K.U. Chernenko emphasized. "The fundamental social advantages of our system have been revealed more fully also. Socialism is demonstrating in practice that it is a society of genuine equality and progress and unswerving economic upturn, a society where the interests of the working class and the people of labor have been given pride of place."

The plan-geared and dynamic development of the economy of the world socialist community is in sharp contrast with the capitalist economic system, which is shaken by crises. The new economic crisis was manifested most acutely in 1982,

when the industrial capitalist countries' GNP fell 0.5 percent compared with 1981 and the industrial produce almost 4 percent. The crisis struck particularly strongly at the United States, where industrial production in the year declined more than 8 percent and the GNP 2 percent.

The decline in production was accompanied by a growth of unemployment. According to official statistical data, the army of unemployed in the capitalist world has increased from 13.6 million in 1975 to 32 million in 1984. There has also been an increase in the NATO countries' military spending, which in 1983 exceeded \$300 billion.

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The policy adopted 15 years ago of the development of the socialist economic integration of the CEMA countries has become a stable factor of their all-around progress. But Marxist-Leninists are not given to complacency in connection with the successes that have been achieved. They invariably turn their gaze to the future and are exerting all forces to surpass yesterday and to make a reality of new levels adequate to the magnificent scale of the outlined programs.

The participants in the CEMA countries' top-level economic conference emphasized the need to concentrate attention on future tasks and on as yet unresolved problems. The considerable changes which have occurred in recent years both in the socialist community itself and in the world have required new generalizations and additional political and economic decisions determining the further direction of the development of the socialist countries.

The CEMA countries aspire to a qualitatively new level of economic integration and to it being more profound, all-embracing and efficient, reliably ensuring the continued development and strengthening of their national economies. Proceeding from this, they deemed it necessary to evaluate and comprehend the course of the integration process and the accumulated experience of cooperation and implementation of the Comprehensive Program of Socialist Economic Integration and formulate the foundations of collective cooperation strategy for the period up to the year 2000.

While tackling large-scale tasks of socioeconomic development the CEMA countries also created a fundamentally new mechanism of economic interaction, which is contributing to the accelerated growth of the national economy and the formation in all the participating countries of developed economic complexes. The time of extensive growth is coming to an end, and on the agenda is the exceptionally important task of the intensification of the economy and an increase in the efficiency of cooperation. The rate of progress along the path of economic building and the creation of the material prerequisites for the continued strengthening of the positions of socialism in the world economy depend on the consistent accomplishment of this task.

The main condition of the solution of the problem of intensification consists of an acceleration of scientific-technical progress, primarily in the key sectors of the economy, and the qualitative transformation on the basis of new equipment and technology of all sectors of production and the technical base of the nonproduction sphere. It is this path which affords an opportunity for securing economic growth with the least expenditure of resources and the greatest returns from production capital.

The conferees were of the unanimous opinion that the leading element of the economic strategy of the socialist community countries for the foreseeable future is the utmost acceleration of scientific-technical progress. An agreement was reached on the joint development of a 15-20-year Comprehensive Program of Scientific-Technical Progress. The purpose of this program is to concentrate efforts in the basic, decisive areas of technological development--electronics, production of means of automation, nuclear power, the creation of new types of materials and so forth. The program is intended to become the base of the formulation of concerted and, in certain spheres, uniform scientific-technical policy with regard for the considerable experience accumulated in the CEMA countries of the joint solution of complex scientific-technical and production problems (for example, the investigation of space, the development of nuclear power, production of computers and so forth).

The preparation on the basis of this Comprehensive Program of general agreements will make it possible to concentrate resources in the key sectors providing for an appreciable increase in labor productivity, the maximum saving of resources and a constant growth of product quality. The development and realization of general agreements is an important task of the current stage of socialist economic integration.

The progressive achievements of science and technology must be embodied primarily in new generations of machinery and equipment. Machine building is the leading element of the efficient and rapid development of the national economy and the basis of the retooling of the economy. The CEMA countries' need for machinery and equipment at a world technical level must be catered for by way of the development of more profound forms of the division of labor, joint labor, scientific-technical cooperation and the intensification of production. Direct ties between ministries, economic-planning associations and enterprises of the CEMA countries participating in international production cooperation are intended to play an important part here.

As is known, measures have already been implemented in the USSR to create the necessary conditions for the realization of this form of cooperation. The CPSU's economic policy constantly takes into consideration the need for the utmost assistance to the development of the economy of each fraternal country and the world socialist economy as a whole. The fundamental principles of the Soviet Union's economic relations with the fraternal countries are formulated in the USSR Constitution.

Article 30 proclaims: "The USSR, as an integral part of the world socialist system and the socialist community, is developing and strengthening friendship and cooperation and comradely mutual assistance with the socialist countries on the basis of the principle of socialist internationalism and actively participating in economic integration and the international socialist division of labor."

The strategy of transition to an intensive path of development incorporates an intensification of the role of integration cooperation in the fuel-raw material sectors also. Tremendous significance is attached in this sphere to an appreciable improvement in the use of fuel and raw material and the development of new energy sources. An increase in supplies of natural gas and electric power from the USSR to the other CEMA countries and also an increase in

the latter of the national recovery of fuel-energy resources and their more rational use will create the necessary basis for continued development.

The utmost economies in fuel-raw material resources and the transfer of the economy to an energy- and material-saving development path are becoming a most important component of an extension of the CEMA countries' cooperation. And particular significance has to be attached in this respect to the introduction of new types of equipment and technology capable of securing positive changes in the relative consumption of resources.

The conferees paid great attention to cooperation in the sphere of agriculture and light and food industry. This sphere contributes to fuller satisfaction of the population's food and industrial commodity requirements and realization of the highest goal of all the fraternal parties--a rise in the people's well-being. An accord was reached at the conference that for better satisfaction of the population's requirements the CEMA countries will develop the production and reciprocal supplies of food and industrial consumer goods.

It is perfectly understandable that the level of mutual cooperation which has been reached and the changed reproduction conditions demand a further appreciable strengthening of the planned bases of socialist integration. The decisions formulated collectively at the conference enrich the theory and practice of long-term plan cooperation. The concordance of economic policy is making it possible to jointly outline ways of solving major economic problems of importance for each CEMA country and determine the directions of economic development for the long term and also ways of the community states' direct interaction in all spheres of science, technology and production. There is an increased need in this connection for the closer interaction of the fraternal states both at central management body level and at the sectorial level and between economic-planning organizations.

As the statement emphasizes, "the coordination of national economic plans will be concentrated on the accomplishment of priority tasks and will be the main instrument of the concordance of economic policy in spheres connected with mutual cooperation and, by countries concerned, in other spheres also and of the formation of stable economic and scientific-technical ties between CEMA countries and also the basis for the elaboration of their national plans in the area affected by mutual cooperation."

Great historic significance is attached to an acceleration of the process of the gradual equalization of the CEMA countries' economic development levels. The conference gave considerable attention to this problem. Socialism and it alone is capable of tackling this most important fundamental task radically and within a historically very short time. It is common knowledge that in the European CEMA countries the difference in economic development levels has been reduced appreciably and brought to a minimum in respect of many indicators. "The division of labor between these countries now," N.A. Tikhonov, chairman of the USSR Council of Ministers, observes, "may be constructed entirely on the basis of the economic equality which has actually been achieved with consistent observance of the principles of mutual benefit and the equivalent and balanced character of exchange."*

* N.A. Tikhonov, "The Soviet Economy: Achievements, Problems, Prospects," Moscow, 1984, pp 173-174.

Against this background great significance is attached to the stimulation of further assistance to the non-European CEMA countries. The conference formulated additional measures to accelerate the development of the economy of Vietnam, Cuba and Mongolia and ensure their more extensive participation in the international division of labor. The CEMA members' understanding of their international duty is reflected in full here. And this understanding is being realized in the elaboration of special programs for assisting the development of the economies of the said countries and speeding up the solution of the main socioeconomic problems.

The conferees had every reason to express the firm belief that consistent implementation of the adopted decisions would impart new impetus to a substantial extension of the CEMA countries' diverse mutual cooperation. This will serve a growth of the prestige and attractiveness of socialism in the world and the even closer strengthening of the unity of the CEMA countries, which are bound by common interests and the ideology of Marxism-Leninism. The historical experience of the socialist community has corroborated the veracity of Lenin's thought that "we are exerting" our chief impact on international development "by our economic policy."*

As K.U. Chernenko observed in the speech at the Kremlin reception, "a big step forward has been taken in the concordance of economic policy. We have signed important program documents. The long-term directions of the fraternal countries' economic interaction have been determined. All this should make it possible to make better use of the advantages of socialist integration for the good of our peoples and create the prerequisites for the more effective accomplishment of the tasks of the intensification of production and the continued equalization of the CEMA countries' development levels. It is understandable, of course, that even good decisions do not produce results of their own accord if assertive and purposeful actions for their practical realization are not undertaken. For this reason implementation of the accords which have been reached corresponds to the interests of all countries of our community and the interests of socialism and the consolidation of peace in the world."

III

International problems occupied a big place in the work of the conference. Its participants paid special attention to discussion of the external situation in which the tasks of socialist and communist building are being tackled. The socialist community is not an isolated island; the disorders of the world capitalist economy and the aggressive aspirations of the imperialists have a tangible impact on it.

The collective opinion of the leaders of the fraternal parties in connection with these problems was expressed in the declaration adopted unanimously by the conference--"The Preservation of Peace and International Economic Cooperation". The conferees declared that they "consider it their duty to draw the attention of the peoples of the world and governments to the need for urgent measures to ensure the normal development of international political and economic

* V.I. Lenin, "Complete Works," vol 43, p 341.

relations in the name of the consolidation of peace in the world and the progress of mankind." They expressed profound concern at the fact that the political and economic situation in the world has grown more complex in recent years and that the threat to peace has increased. International tension has increased considerably as a result of the policy of confrontation being pursued by aggressive circles of imperialism, primarily America, and their attempts to achieve military superiority and pursue a policy of force, interference in internal affairs and the infringement of states' national independence and sovereignty.

The declaration not only exposes the bellicose apologists but counterposes to them an integral, profoundly scrupulous realistic program of a transition from confrontation and the present international situation, which has been brought to a point of the utmost tension, to its effective regulation in all general directions.

The economic strategy of the CEMA countries is inseparably connected with their struggle for peace and international detente. "True to the principles of peaceful coexistence, the leaders of the communist and workers parties and the heads of state and government of the CEMA countries," the declaration points out, "appeal to all peoples and leaders of state and government to undertake vigorous actions for the development of international economic cooperation."

To improve international economic relations, ensure the economic independence of all states, large and small, and establish trust in this most important sphere of international relations--such is the conference's appeal. The socialist community countries are opposed in principle to a policy of autarky. They advocate the most active economic ties with all countries, but, of course, on the basis of complete equality, trust and the obligatory observance of all rules of international intercourse, primarily national independence and sovereignty and noninterference in internal affairs. In the context of these constructive proposals special relevance is attached to the readiness expressed by the CEMA countries back in 1976 to conclude an agreement with the EEC, which would undoubtedly be to the benefit of all European and not only European peoples.

The leaders of the communist and workers parties of the CEMA countries advocated a search for constructive ways of developing peaceful, stable international political and economic relations given regard for existing realities in the world and the interests of all countries. They again confirmed their firm belief that no world problems, including the historical dispute between capitalism and socialism, can be solved militarily. "We offer," K.U. Chernenko said, "honest terms for peaceful coexistence. Socialism does not need war. It will be able to prove its advantages in peaceful competition."

As the declaration observes, the experience of the last decade has shown the need for and fruitfulness of a relaxation of tension for all peoples. Detente contributed to an improvement in international economic relations. Increased economic assistance to the emergent countries became possible under the conditions of an easing of the military threat. This is why it is important to consolidate and multiply that which is positive which was achieved in international relations in the 1970's and strive for a strengthening of mutual

trust and the development of equal cooperation between states, irrespective of their social system. And the efforts of all states in both the political and economic spheres are needed for this.

Everyone who has made an attentive study of the conference's documents has to acknowledge that they contain an objective, scrupulous and scientifically substantiated program of the solution of fundamental problems of mankind. The broadly known set of proposals of the Soviet Union and the other socialist community states is aimed at preserving peace in the world and preventing a nuclear catastrophe. A halt to the arms race, the transition to arms reduction and the maintenance of military-strategic balance at increasingly low levels are a most important condition of an improvement in the world economic situation also and of the regulation of international economic relations.

It is a question of reorganizing international economic relations, imparting to them a just, democratic foundation and establishing a new international economic order. "International economic relations," the declaration observes, "should be reorganized such that all countries may develop their economic potential in every possible way and advance along the path of development under conditions of peace, justice and mutual cooperation."

It is perfectly obvious that the accomplishment of this task concerns the vital interests of the underdeveloped states. The CEMA countries have invariably supported and continue to support their just vital demands and the struggle for the removal of all forms and manifestations of colonialism and for economic decolonization and genuine national sovereignty. "The CEMA countries," as the declaration observes, "will continue to render states which have won freedom and independence as much economic and technical assistance as possible in their efforts to develop the national economy."

Abiding by Lenin's principles of the peaceful coexistence of states, regardless of the differences in their social systems, the conferees confirmed their intention to develop mutually profitable relations in the trade-economic and scientific-technical spheres with all socialist, developing and developed capitalist states which display a readiness for this. Importance is attached to an expansion of economic and scientific-technical relations between European states in the spirit of the Final Act adopted in Helsinki and the accords reached at the Madrid meeting. The CEMA countries will cooperate in the realization of the proposals set forth in the declaration with all who are interested in the consolidation of international peace and security and an improvement in the world economy.

Having examined the results of the CEMA countries' top-level economic conference, the CPSU Central Committee Politburo observed that they mark a new stage in the development of relations between the fraternal parties and countries. The basic directions of interaction and the development of socialist economic integration for the long term have been determined. The conference's documents reflect the fraternal countries' cohesion and their resolve to act to strengthen the positions of socialism and peace. The CPSU Central Committee Politburo emphasized that the strengthening of relations between socialist states is also dictated by the complex external conditions in which the tasks confronting them have to be tackled.

The CEMA Session's 38th meeting was held immediately after the conference. Having noted the significance of its decisions, the CPSU Central Committee Politburo instructed the appropriate organizations to elaborate and implement the necessary measures for fulfillment of the accords which had been reached and emphasized the importance of practical tasks for realization of the goals of the economic conference and the CEMA session confronting ministries and departments, production associations and enterprises.

The top party and state authorities of the CEMA countries unanimously approved the decisions adopted at the economic conference and outlined measures for their realization. Important specific, constructive program documents contributing to the better use of the advantages of socialist economic integration for the good of the peoples were signed.

Realization of the documents adopted at the conference and the decisions of the CEMA session will raise the socialist states' economic cooperation to a new level and contribute to the mobilization of their intrinsic potential, an expansion of mutual ties, the further consolidation of their unity and cohesion and a strengthening of the positions of world socialism.

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STRATEGIC PARITY, ARMS TALKS, PEACEFUL COEXISTENCE STRESSED

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[Article by V. Razmerov: "Vital Alternative"]

[Text] Having changed the very content of international relations, the Great October Socialist Revolution had as one of its consequences the emergence of the new, hitherto unknown problem of the mutual relations of states with different social systems. The contradiction between socialism and capitalism became the basic and determining class contradiction of the era and the main contradiction of international relations. V.I. Lenin observed that since the victory of the Great October international relations "...and the entire world system of states have been determined by the struggle of a small group of imperialist nations against the soviet movement and soviet states headed by Soviet Russia."*

The tremendous changes in the life of human society and the radical changes in the correlation of forces in the international arena which have occurred in past decades have not altered the class content of the mutual relations of the opposite systems. However, certain singularities of the modern era--primarily the growing threat of nuclear annihilation and global problems, which are making themselves known increasingly forcefully--are making new demands on the forms of relations between states of the two systems and making their peaceful coexistence not only the most rational method of international intercourse but also an imperative necessity and the sole guarantee of civilization's survival.

I

As consistent champions of peaceful coexistence, the Soviet Union and the other fraternal socialist countries display a high sense of responsibility for the fate of mankind. Socialism does not need violence for its establishment and development for it is based on invincible objective regularities of social progress. On the cardinal issue of the present day--the question of war and peace--socialism sees its class interests not divorced from general interests but in close, organic connection with them. Only socialism is capable of

* V.I. Lenin, "Complete Works," vol 41, p 242.

the historic mission of the revolutionary renewal of the world and the salvation of the peoples from wars. The essence of the communist philosophy of peace is expressed by Lenin's words uttered prior to the victory of the first socialist revolution: "An end to wars, peace between peoples, a halt to plunder and violence--this is our ideal...."* These words contain tremendous ideological and moral-political potential in our time also.

The basis of the foreign policy program of the land of soviets formulated by V.I. Lenin were an in-depth scientific analysis of objective reality and an all-around consideration of the alignment and correlation of forces in the world. Calling for a "search for new ways to tackle our international tasks,"** Lenin himself tackled such tasks as the highest theoretical level in the first years of our state's existence under the conditions of a bitter class struggle, civil war, foreign military intervention, blockade and monstrous economic devastation.

Analyzing the specific historical situation comprehensively and in depth, V.I. Lenin proved, first, the inevitability of the coexistence of states with different social systems throughout an entire historical period; second, the desirability and expediency from the viewpoint of the interests of socialism of peaceful forms of this coexistence; and, third, the practical feasibility of the peaceful coexistence of socialist and capitalist states, despite the contrast of their socioeconomic systems and the aggressive aspirations of imperialism. The interconnection of the main principles of socialist foreign policy and the need for their unswerving implementation in the practice of a socialist state, which were discovered and illuminated by Lenin's genius, have been corroborated by life.

Lenin's policy of peaceful coexistence was distinguished from the very outset not only by scrupulousness in defense of the interests of socialism and all revolutionary forces but also by the utmost realism in an assessment of the situation and the possibilities of the practical accomplishment of the set tasks. In October 1917, when the world's first socialist state was beginning the struggle for peace, V.I. Lenin cautioned: "Whoever has thought achieving peace is easy and that it is only necessary to hint at peace for the bourgeoisie to serve it us on a plate is completely naive."*** The soundness of this sober evaluation has been corroborated by all subsequent history. Imperialism has still not reconciled itself to the triumph of new social system and continues to counterpose to the peace-loving course of socialism a policy of aggression and wars, blockades and intervention.

In the elaboration and implementation of the policy of peaceful coexistence great importance is attached to an adequate consideration of such objective factors of the development of international relations as the correlation and alignment of forces on a world scale and in individual countries. Lenin's concept of "strength" here implies not a simple aggregate of economic, military and other material and also moral-political characteristics, although they are, of course, extremely important in themselves.

* V.I. Lenin, "Complete Works," vol 26, p 304.

** Ibid., vol 40, p 67.

*** Ibid., vol 35, p 116.

Seeing in "strength" primarily its class content, it was from this angle that V.I. Lenin examined both the evolved state and dynamics of the development of the correlation of the forces of socialism and peace and imperialism and war. In Lenin's methodology an analysis and forecast of the correlation of class forces in the world arena ensue from a general evaluation of the main regularities of our era. Lenin's policy of peaceful coexistence is founded on this sole correct, scientific basis. This is the source of its viability and capacity not only for correctly and opportunely posing specific tasks but also determining efficient ways and means of tackling them, bearing in mind the historical perspective.

Lenin's theory and practice of peaceful coexistence are inseparable from the theory and practice of the world revolutionary process. The influence of the world's first socialist state has become a bastion of the struggle of all anti-imperialist and antiwar forces. Recognition of this unconditional reality has nothing in common with the proposition being imposed by the apologists of imperialism that the establishment of socialism is only possible by the military, "power" path.

For victory in the competition with capitalism war not only is not necessary to socialism, it is altogether alien to the nature of the system which removes from power the purveyors of militarism and aggression--the exploiter classes. The antagonistic nature of socialism and war and the inseparability of socialism and peace ensue from the Marxist-Leninist understanding of peace as an essential condition of the strengthening of the new system, the acceleration of its economic and social development and the growth of its magnetic power. For this reason the primary task of socialist foreign policy is the struggle for peace.

At the same time Lenin's policy of peaceful coexistence is a direct refutation of the slanderous assertions concerning the "export of revolution," to which socialism allegedly aspires. Emphatic rejection of war as a means of the spread of revolution is combined in Lenin's approach with consistent defense of the right oppressed peoples to struggle for their liberation. Genuine peaceful coexistence presupposes vigorous counteraction of the "export of counterrevolution," in whatever wrapping attempts have been made to serve it up, and a firm rebuff of imperialist interference in the internal affairs of countries struggling for independence. The Leninist principles of "mankind's liberation from the horrors of war and its consequences" proclaimed in the historic Decree on Peace have invariably been combined with an expression of the victorious proletariat's resolve "...to bring to a successful conclusion the cause of peace and at the same time the cause of the liberation of the working people and the exploited masses of the population from all slavery and all exploitation."*

The policy of the peaceful coexistence of states with different social systems has from the first post-October days formed the basis of Soviet diplomacy in respect of the capitalist countries. It ensued logically from the general goals of socialist foreign policy--securing the most favorable external conditions

* V.I. Lenin, "Complete Works," vol 35, p 16.

for the building of socialism and, subsequently, the communist society. Only the conditions of peaceful coexistence can be such.

The line emanating from the ideals and principles of peaceful coexistence has invariably been pursued by the USSR in the most important and topical directions of international life. In all specific instances its purposes have been to solve international problems in the interests of the peoples themselves and to facilitate their struggle against imperialist aggression. The Soviet Union has always evaluated the extraordinary difficulty of this task realistically, particularly under conditions where the regularities of international relations which developed under the influence of imperialism were still predominant in the world arena. For this reason the struggle of the CPSU and the Soviet state for peace never became a futile wheedling for peace and has invariably been conducted with a full exertion of forces and the use of all possibilities and potential, developing into new Soviet peace initiatives. This was manifested, in particular, in the persistent struggle for disarmament and the elimination of the material basis of war which our country conducted persistently in the 1920's and 1930's. Despite the capitalist encirclement and the military-technical superiority of the imperialist forces which existed prior to World War II, the Soviet state consistently championed the ideals of peaceful coexistence and disarmament with all the means at its disposal.

Peaceful coexistence and the USSR's struggle for disarmament and the consolidation of the peoples' security in the period between the wars were a striking manifestation of the foreign policy of the new type and a model of socialism's invariable love of peace. All this still retains its permanent significance. However, under conditions where in the latter half of the 1930's the forces of extreme imperialist reaction had adopted a policy of preparing and unleashing World War II the possibilities of establishment of the practice of peaceful coexistence were naturally limited.

The Soviet Union's decisive contribution to the outcome of World War II, the unprecedented growth of its international authority and the formation of the socialist community of states had a tremendous impact on the world political situation. Imperialism and its regularities ceased to be the dominant of international-political development. The constant consolidation of the political and economic positions of the socialist countries, the active, enterprising and purposeful foreign policy of the Soviet Union and the fraternal states and their creation of mighty defense potential exerted the strongest influence on modern international relations, led to profound changes throughout their structure and were reflected most positively in the political climate. This made it possible to pose and tackle anew many global problems, primarily the problem of war and peace.

True to the creative spirit of Leninism, the CPSU, having analyzed in depth the real significance of the positive changes in the international situation, reached the scientifically substantiated conclusion: at the current stage of historical development world war has ceased to be an inevitability; given emphatic counteraction of the bellicose forces of imperialism, peace on our planet can and must be preserved and consolidated. The new propositions put

forward by the CPSU on the fundamental question of the present day have opened a broad prospect of struggle in interrelated areas--for the removal of the military threat, for the peaceful coexistence of states with different social systems and for the freedom and independence of the peoples. They have been supported by Marxist-Leninist parties worldwide. Struggle against imperialism's unleashing of a war using monstrous weapons of mass destruction has become an important component of the united actions of progressive social forces.

As V.I. Lenin predicted, the way to lasting peace has proven difficult. Imperialism has put at the service of its egotistic interests and used to the detriment of the peoples of the world many great discoveries of the human genius, including nuclear power. Attempting to forcibly turn back world development, U.S. ruling circles have gambled on the qualitatively new weapon as a decisive instrument of their hegemonist policy and as a means of destroying socialism. The threat of nuclear war hangs over the world.

Having made a Leninist realistic appraisal of the evolved menacing situation, the CPSU has done everything to mobilize the necessary forces and resources for strengthening the defense capability of the Soviet Union and its friends and allies. Use of the socioeconomic, political, ideological and other advantages of socialism is decisive, as before, but at the same time neutralization of the threat of imperialism in the military sphere has become a vitally important task.

The developed economic base, the latest achievements of the scientific-technical revolution and the selfless labor of scientists and workers--all this enabled the Soviet Union to create its nuclear missile weapons and thereby deprive the United States of the nuclear monopoly and the invulnerability of its territory and subsequently achieve strategic parity between the USSR and the United States. The military competition which the capitalist world has imposed on the socialist world has overstepped the critical threshold beyond which no vain attempts of imperialism are capable of restoring to it the capacity for deciding the fate of the world individually, as its discretion.

The general military-strategic balance objectively contributed to an improvement in the international situation. In combination with the peace initiatives of the Soviet Union and other socialist states the balance of military forces which was achieved served as the point of departure for detente and the immeasurably more extensive introduction in interstate relations of the principles of peaceful coexistence, including the principle of practical arms limitation, than before. The international activity of the CPSU and the Soviet state impressively and visibly embodied Lenin's proposition concerning the need for the existence of substantive material strength to underpin the constructive program of peaceful international cooperation.

The best prerequisites for tackling the most important task of curbing the arms race, which was formulated by V.I. Lenin, also objectively take shape in an atmosphere of military-strategic equilibrium. The Soviet Union proposes for a start a halt to the dangerous and ruinous competition in the stockpiling and improvement of means of warfare. Its initiatives are aimed at bringing the entire complex of specific measures to limit and reduce arms, particularly nuclear, into line with the principle of equality and equal security, as far as

their complete liquidation. The Soviet Union is ready for the formulation of honest accords concerning a consistent lowering of the level of military confrontation and a mutual winding down of lethal weapon arsenals.

Under the conditions where it is becoming increasingly difficult for imperialism to count on victory in the arms race and, even more, in a nuclear war realization of Lenin's idea concerning renunciation of all forms of the use of military force in relations between states also stands on realistic ground. The Soviet Union's undertaking not to be the first to use nuclear weapons and the appeal to other nuclear powers to follow its example are of truly historic significance. Realization of the proposal concerning the conclusion between the Warsaw Pact states and the members of the North Atlantic alliance of a treaty on the mutual nonuse of military force and the maintenance of relations of peace could serve to improve the international climate. The overwhelming majority of UN members approved the Soviet proposal concerning the condemnation of nuclear war as being contrary to human conscience and reason and as a most heinous crime against the peoples and man's primary right--the right to life.

Socialism's successes have in the past 15 years created an atmosphere which is characterized by a certain limitation of imperialism's possibilities in the international arena. There is a dual reaction in the imperialist camp to the new realities of international life. Its most reactionary circles, primarily in the United States, are making active attempts to recover lost positions, achieve social and historical revenge and "restore" on a qualitatively higher and more dangerous level military superiority over the USSR and the socialist world. They are linking their main hopes with the maximum use of the military-technical factor, endeavoring to find such superiority and subordinating all their actions to the achievement of this goal.

At the same time, however, there is also a strengthening in the West of the voices of those who understand the tremendous danger of the world nuclear catastrophe being prepared by imperialism and who advocate the adoption of urgent measures to limit the arms race and preserve, strengthen and develop that which is positive which was created in international relations in the first half of the last decade.

II

Under the influence of the changes which had occurred in the alignment and correlation of forces in the world by the mid-1970's detente trends had reached a comparatively high level and embraced a broad range of international problems and interstate relations. The principles of peaceful coexistence were reflected in the changed structure and climate of the Soviet Union's relations with the leading West European states and were enshrined in numerous bilateral agreements and accords. The achievement by the Soviet and recognition by the American side of strategic parity served as the basis for a normalization of the mutual relations of the USSR and the United States, which was also expressed in the signing of a considerable number of documents embracing various aspects of relations between these countries. The most important of these agreements and accords concerned problems of preventing and lessening the threat of nuclear war and were based on the principles of peaceful coexistence. Finally, the Helsinki Act signified multilateral recognition and

enshrinement of the principles of peaceful coexistence not only as an expedient but also the sole possible standard of international intercourse.

The principles of peaceful coexistence became established increasingly extensively and strongly in interstate relations and their range increased, encompassing new problems and new regions. The world community had every reason to put definite hopes in the process of a radical reconstruction of international relations which had begun successfully and their fundamental reorganization on the principles of coexistence in time producing the salutary results so awaited by the peoples of the whole world. Detente as a manifestation of the operation of the principles of peaceful coexistence was perceived not only in the socialist world but also by numerous forces in the West as a long-term process, of which the 1960's and 1970's were only the start and not the culmination.

This was viewed differently by influential factions of the most conservative part of the ruling circles of the leading imperialist countries, primarily the United States. Their evaluation of the correlation of forces in the world and perception of the entire international-political picture, which were made the basis of the formation and implementation of U.S. foreign policy, struck a heavy blow at the detente trends in world politics.

In these circles' opinion, the Soviet Union gained from detente a whole number of political and economic benefits, "giving" the United States nothing in exchange. It was therefore necessary to "deprive" the USSR of the fruit of detente or compel it to pay a higher price for it. Was there for the West and the United States specifically a possibility of pursuing such a course successfully? The supporters of a tough policy in respect of the USSR responded to this question affirmatively, relying here on their own evaluation of the correlation of forces in the world and its evolution in the mid-1970's.

As they saw it, the future of capitalism, primarily in the United States, was painted in very rosy tints. The profound and serious crisis of capitalism of 1974-1975 was over, and the U.S. economy had switched to a phase of modest upturn. The energy crisis, the most acute stage of which had been intensified by the Arab countries' oil embargoes during the 1973 Near East war, had also been overcome. Many other processes and phenomena in the economic sphere, particularly the more profitable situation for the Western monopolies on the world raw material market, were interpreted by circles of the extreme right as testifying to a growth of the economic "advantages" of the United States and their "broadening" opportunities for defeating the Soviet Union in the economic competition and using their economic power for global political and military purposes. These circles also linked considerable calculations and hopes with the operation of the military-technical and military-economic factors, putting their trust in the West's "technological superiority" and the "excessiveness" for the USSR of the burden of the unprecedented arms race which they intended and prepared to unleash.

The political situation also appeared favorable to them. The "Vietnam syndrome" was still making itself felt in the United States, but the war in Vietnam itself was over, and Washington's ruling circles hoped to overcome its domestic policy consequences. The Watergate scandal also was history.

In the sphere of interallied relations the United States also noted a number of positive changes for itself. Even comparatively recently--in 1973--there had been the crashing failure of H. Kissinger's attempt to place on the United States' West European partners additional economic and military burdens under the slogan of so-called "shared responsibility" within the framework of the noisily proclaimed "New Atlantic Charter". But by 1975 the West European countries were for a number of reasons more disposed to listen to transatlantic advice and instructions. Furthermore, following the prescriptions drawn up by the Trilateral Commission, the Democratic administration gave relations with the allies pride of place in the order of its foreign policy priorities, which prompted it to formulate expectations addressed to the allies in a more restrained manner.

Evaluating the correlation of forces, U.S. ruling circles took into consideration not only their own economic and political possibilities and "advantages" but also the vulnerable, as it appeared to them, points of the positions of the USSR, which were exaggerated in every possible way in notorious CIA "forecasts". Certain reliance was put in the United States and NATO succeeding in causing domestic difficulties in certain socialist countries (as is now well known, it was in the latter half of the 1970's that the special services of the United States and NATO embarked on realization of so-called "Operation Poland"). Finally, perfectly special, hypertrophied calculations were linked with the "China factor" and with hopes for the long-term nature of Soviet-Chinese disagreements and the opportunity for the United States and the West to play on them in their own interests and at their discretion.

However, certain disagreements also were discerned at the end of the 1970's among those who endeavored to implement a policy of class counteroffensive and revenge and again occupy a hard line in respect of the USSR and the socialist world as a whole and take the path of blackmail and diktat. Some--their spokesman and representative was the Carter administration--while consciously and deliberately departing from detente policy and calling in question certain of its achievements and accords, nonetheless did not display sufficient aspiration to proceed along this path "to the very end". They justified their approach by the proposition concerning the need to combine "cooperation and rivalry" in relations with the USSR and attempted to elaborate and implement the concept of a kind "detente American-style" and on Washington's terms.

Others--the Reagan administration, which took office in 1981, became the spokesman for their ideas and interests--saw even in purely rhetorical exercises on the subject of "cooperation" impermissible, in their view, proof of a "softness" and "weakness" in relation to the USSR. They discerned the main guarantee that the United States and NATO would succeed in dictating their will to the socialist world, preventing new victories of the national liberation movement and securing the developing countries in the capitalist system and in the wake of its policy primarily in the restoration of imperialism's unconditional military superiority practically over the whole world, in the unification for this purpose of the military efforts of the United States, the West European NATO members and Japan and in the subordination of the military policy of the latter to the goals and doctrines of American militarism. The practical policy of the administration, which has led in just a few years to an unprecedented spiraling of the arms race and the increased threat of nuclear war, was also constructed accordingly.

The events of international life of the latter half of the 1970's showed the still high dependence of the achievements of detente on the manifold influence of frequently contradictory objective and subjective factors of world politics. In a matter of years reactionary forces headed by rightwing conservative factions of ruling circles of the United States succeeded in constricting appreciably the sphere of operation of the principles of peaceful coexistence in the interstate relations of the two systems, primarily in relations between the United States and the USSR. This has led to an increase in the actual threat of war and a considerable increase in the likelihood of nuclear catastrophe.

How have bourgeois and reformist movements and politicians who to this extent or the other have given thought to the lack in the modern world of a real alternative to peaceful coexistence opposed the antidetente trends and extreme reaction's policy of preparing for nuclear war? Both the dual nature of Western concepts of detente and peaceful coexistence and the political inconsistency of their authors and supporters have been reflected here in full, unfortunately.

On the one hand the corresponding ideas, views and theories are a reflection of the fact that the vast majority of the workers movement, including its non-Marxist detachments, and also a growing number of other forces of the democratic public which do not belong to the working class and, finally, certain circles of the bourgeoisie are interested in the peaceful, equal and mutually profitable relations of state of the two systems, that is, relations based on the principles of peaceful coexistence. In the 1960's and 1970's this led to the emergence and development in bourgeois ideology of a number of propositions and theories concerning the desirability, possibility and prospects of detente in relations between capitalist and socialist states and its content. Speaking about detente here, the authors and supporters of the said theories approached in one way or another a recognition of the principles of peaceful coexistence or referred to them directly in the course of their arguments.

People constituting the liberal wing of American and West European policy and ideology were the chief spokesmen for these ideas in the ruling circles; sometimes they could also be discovered among moderate conservatives. There are active supporters of such views in the social democratic and socialist parties and also in the trade unions close to these parties. Pacifist, including ecclesiastical, and other forces of the antiwar movement in NATO countries and also in the neutral West European states are guided by such views. In addition, positions on questions of detente and disarmament are also being developed by the representatives of the quite numerous "peace study" institutes and societies in capitalist countries. The spokesmen for such views on the relations of states of the two different systems are reaching the correct conclusions: there is no reasonable alternative to detente; East-West negotiations are essential, particularly in periods of crisis; the all-European process of the establishment of mutual security and cooperation should be developed in all areas and sections of the Helsinki Act; political detente should be supplemented with military detente; arms limitation negotiations must be conducted seriously and with a desire to achieve actual results; and so forth.

At the same time, however, the positive content of the bourgeois concepts of detente and peaceful coexistence is being weakened and undermined by an incorrect evaluation of the causes of international tension and often erroneous ideas concerning the paths toward disarmament, anti-Soviet and antisocialist prejudices and also concessions to militarist ideas. All this is explained by the class narrowness of bourgeois pacifism. They are frequently marked by the endeavor of a certain part of the bourgeoisie to make merely minimal changes to the strategy of achieving its class aims in the world arena and to the means and methods employed here. Talk about detente and coexistence has concealed and continues to conceal hopes for the use of the normal mutual relations of states of the two systems in attempts to undermine socialism from within and in this way or the other legitimize the practice of imperialist interference in the internal affairs of other countries and peoples.

Among such Western theories of detente and peaceful coexistence we may cite the concepts of "contending" or "competitive" coexistence, "change through rapprochement," coexistence as a "forced endeavor," "pluralist security community," "antagonistic cooperation," "alternative security policy," "security partnership" and "unilateral steps" as a means of halting the arms race. General humanist ideals, many traditional bourgeois notion (on the nature of international relations included), pacifist and religious motives, reasonable propositions and an aspiration to negotiations and much else are oddly interwoven in them. However, their very multiformity, the arguments and clashes between their supporters and the lack of consistency and firmness in defense of the idea of peaceful coexistence and detente as such prevented at the frontier of the 1980's those who share these views gaining victory over the forces of extreme imperialist reaction in the struggle over questions of disarmament and the mutual relations of states of the two systems.

The imperialist strategy of confrontation, which has currently gained the ascendancy and which is suffused with adventurism and extreme aggressiveness, is expressed in tenets of foreign and military policy deeply imbued with hostility toward detente and peaceful coexistence, bellicose anticommunism, chauvinism and irrationality and a glorification of violence, which is ultimately a most serious threat to all mankind. They include the proposition according to which "there are things more valuable than peace," the concept of ensuring peace "from a position of strength" and "deterrence," assertions concerning the possibility not only of waging but also winning a nuclear war, statements concerning a de facto state of war with the USSR, promotion of ideas concerning "calculated confrontation" and so forth.

It is not only political wisdom and simple commonsense but also any freshness and novelty which are not revealed in such utterances. The present-day diehards are repeating what was said by the anti-Soviets and anticommunists of the start of the cold war period who, like J. Burnham, claimed: "World politics represents a battlefield between the United States as the representative of Western culture on the one hand and communism with its main bulwark in the shape of the Soviet Union on the other. American policy can only have one goal: destruction of the power of communism. Our task is not to conduct debates on contentious issues but to defeat the enemy."*

* J. Burnham, "Die Strategie des Kalten Krieges," Stuttgart, 1950, p 71.

However, the "new edition" of a strategy which had been in existence for more than 30 years, had failed and had been abandoned by certain circles of the bourgeoisie at the start of the 1970's is not simply an anachronism in contradiction with the changed correlation of forces, historical experience and international accords. It represents the greatest threat to mankind, considering the tremendously increased quantity and fundamentally changed quality of modern means of mass destruction given continuation of a military-strategic doctrine proceeding from the possibility of victory in a nuclear war. Bellicose anticommunism has finally become a mortally dangerous crime and an ideology and policy openly hostile to peace and mankind. Transference of antisocialist ideas and political trends to the sphere of the problems of war and peace, which is again being practiced by influential factions of ruling circles of the United States and NATO, sharply increases the likelihood of nuclear catastrophe.

III

A most important prerequisite of the effectiveness of the socialist countries' peace-loving foreign policy and the continued establishment of the standards and principles of peaceful coexistence in the mutual relations of states of the two systems is the consolidation of the unity and cohesion of the socialist community both in the sphere of the foreign policy of its members and in the sphere of their accomplishment on a collective basis of the tasks of socialist and communist creation.

The unity of the countries and peoples which embarked on the path of building a new society has always enraged the enemies of peace and progress and was from the very outset a target of their subversive activity. The information recently made public by the London TIMES that at the end of the 1940's there was a "Russian Committee" in the Foreign Office is of interest in this connection. Its material has still not been fully made public.

Among the aims of this body formulated in a document of 24 November 1948 were the following: "To weaken Soviet domination in the satellite countries (as the West then called the states whose peoples had cast off the shackles of exploitation and oppression and embarked on the path of building a new society--V.R.) and ultimately to afford them an opportunity to regain independence. Until this relatively long-term goal is accomplished we must endeavor to bring about in the satellite countries civil unrest, internal disorders and, if possible, clashes in order that these countries become for Russia not a source of strength but weakness and stretch its human and military resources. We must hope that we will succeed in making the population of the Soviet sphere of influence so discontent and disloyal that in the event of war it would be for Russia a threatened area requiring the presence of large armies of occupation and not a source of useful manpower reserves." The document went on to point out: "It is essential to use any opportunity to discredit the Soviet regime or weaken its positions."*

* THE TIMES, 24 March 1984.

Of course, it was with good reason that such intentions and plans were concealed and continue to be concealed since they could not have failed to have evoked indignation and opposition even among the ruling circles themselves. Realistic representatives of the West today frequently emphasize the paramount significance of peace and security. E. Bahr, the prominent West German politician, for example, formulated it thus: "There are no goals and interests which may be achieved other than by peaceful means. There is no value which transcends this, no principle which stands higher and no interest which it is not essential to subordinate to this."* We would observe, however, that the prevalence in the West in our day of such evaluations is directly connected with the fact that socialism has been able to cancel out all the attempts made repeatedly hitherto to deal with it with the aid of the power means of policy traditional for imperialism.

The struggle for peace and peaceful coexistence and for an easing of the threat of war in the complex and exacerbated atmosphere of our day with its rapid shift of events demands swift and concerted reaction to what is happening. Unity of will and action in the basic questions of world politics has become a most important feature of socialism's international relations multiplying the force and efficacy of joint demonstrations in the international arena.

In our day the efforts of the fraternal parties and states are creating a historically unprecedented type of relations between states which are truly just and equal. It is natural that the goals of a strengthening of unity, the development of all-around cooperation and an increase in their joint contribution to the strengthening of peace, which are constantly at the center of the attention of the CPSU, have been given pride of place among the tasks formulated in the international-policy program of the 26th CPSU Congress. The creation and improvement of an effective mechanism of foreign policy coordination of the socialist countries is a historic achievement and a dependable guarantee of successful actions on the way to ensuring international security.

The Warsaw Pact countries counterpose to the dangerous NATO policy of accelerating the arms race a high-minded line combining an emphatic rebuff of the policy of force with proposals for new major initiatives to ensure European and world peace. The Political Consultative Committee has put forward an all-embracing program of urgent measures to turn the general development of international events into a healthy channel, consolidate peace and European security, advance the cause of military detente and disarmament in practice and preclude the possibility of the outbreak of a new war.

The results of the top-level meetings of leaders of the fraternal parties and states, which are of tremendous political significance, are having particular repercussions on all continents under the conditions of the exacerbated international situation. This is natural inasmuch as these results are invariably corroboration of the unshakable allegiance of the fraternal parties and countries to the cause of the defense of peace and the peoples' rights to free, independent development. They demonstrate the firm conviction of the socialist countries that relations between states of different social systems

* NEUES DEUTSCHLAND, 25 May 1982.

must be built, the more so in the nuclear age, on the principles of peaceful coexistence. This predetermines a lowering of the level of military confrontation and constant constructive dialogue.

The struggle for peace and peaceful coexistence and for removal of the threat of war in the current complex and alarming situation is becoming even more difficult, but at the same time even more urgently necessary. The peoples are following with particular attention and hope the struggle which the Soviet Union is conducting in conjunction with the fraternal socialist community countries for peace, detente and the strengthening of the international possibilities of socialism--the main guarantor of peace and the independence of the peoples. The position of socialism on the question of war and peace is clear: nuclear war cannot be permitted--neither small nor large, neither limited nor total. This is demanded by the vital interests of all mankind.

Adopting the necessary measures to strengthen their defense capability, the Soviet Union and the socialist community countries are unbending in their resolve to prevent military superiority and to reliably protect their security. At the same time even in this complex situation the CPSU firmly adheres to the Leninist course of peace and peaceful coexistence. The Soviet leadership declares with all certainty that if the United States and the other NATO countries display a readiness to return to the situation which existed prior to the start of the deployment of American medium-range missiles in Europe, the Soviet Union will also be prepared to do this. The proposals on questions of limiting and reducing nuclear arms in Europe and also its unilateral commitments in this sphere which it submitted earlier would then take effect anew.

Having encountered a firm political and ideological rebuff, those proclaiming a crusade against world socialism and the supporters of a policy of confrontation have been forced to maneuver and mask their policy with peace-loving phrase-making. Besides Reagan's numerous such statements, which have been heard since 16 January 1984 and which are designed to secure for him the "image" of peacemaker in an American election year, mention should be made of the toning down of the propaganda formulas of imperialist politicians and ideologists concerning the problem of the coexistence of the two systems.

For example, a report prepared for examination by the Trilateral Commission 15th Session at the start of April 1984 observed in the section devoted to the West's military policy and policy with respect to the USSR and the other socialist countries: "The main question determining the foreign policy agenda of the Trilateral Commission can be expressed simply: it is essential to create a mechanism and processes which make it possible by way of a strengthening of international order to avert the threat of nuclear war, social eruptions, regional conflicts and economic chaos."

The authors of the report believe that the main goal for the West should be the achievement of stable relations in the security sphere with the Soviet Union: "It is essential that we continue to search for constructive forms of dialogue and cooperation with the USSR in order to reduce the risk of nuclear war." They advocate an increase in economic, scientific and cultural ties between East and West Europe, emphasizing that this would contribute to "greater rapprochement and an easing of the division within Europe and also

subsequently to a broadening of economic relations with the Soviet Union." M. Thatcher mentions in an article written specially for THE TIMES the possibility of "conducting a realistic dialogue for the purpose of formulating an agreement which would be in the interests of East and West."*

There is essentially, however, no revision of the West's policy. This was shown for the umpteenth time by Washington's negative reaction to the Soviet side's proposal for negotiations to start immediately, in September 1984, to solve a most acute problem and one potentially most dangerous in terms of its possible consequences--preventing the spread of the arms race to space. Under these conditions the socialist community countries again drew the attention of all peoples and governments to the need for urgent measures to ensure the normal development of international political and economic relations in the name of the consolidation of peace in the world and the progress of mankind. The top representatives of the CEMA countries who had assembled in June 1984 in Moscow at the economic conference noted in the joint declaration "The Preservation of Peace and International Economic Cooperation" their profound concern at the increased threat to peace as a result of the policy of confrontation being pursued by aggressive circles of imperialism, primarily American.

In respect of the socialist countries, they emphasized, this policy is absolutely futile. Socialism is capable of successfully solving the most complex national and international problems. The continued development and improvement of the all-around cooperation of the socialist states will also contribute, apart from anything else, to a strengthening of the might, unity and cohesion of the socialist community and an even greater enhancement of its role in international affairs. The conferees again confirmed that they consider it important to consolidate and multiply all that is positive which was achieved in international relations in the detente period and strive for a strengthening of mutual trust and the development of equal cooperation between states, regardless of their social system. They declared their readiness to cooperate in the realization of these goals with all who are interested in consolidating international peace and security and improving international political and economic relations.

Lenin's idea of peaceful coexistence constitutes a most important ideological base of peace, reason and trust in interstate intercourse. It is a consistently scientific idea of the historically specific form of peace in our era.

Socialist foreign policy appeals to the consciousness of the working people and struggling masses and all people of good will. When the people's masses, in Lenin's expression, "...know everything, can judge everything and consent to everything consciously,"** their purposeful actions become a powerful factor fettering the aggressive forces of imperialism and paving the way toward lasting peace. And the unprecedentedly powerful upsurge of the antiwar movement and the emphatic protests of millions and millions of people against

* THE TIMES, 26 March 1984.

** V.I. Lenin, "Complete Works," vol 35, p 21.

the threat of nuclear catastrophe are convincing testimony to this today.

The entire international-political reality of our day confirms that the potential of social progress is mightier than that of reaction and war. Averting the threat of nuclear annihilation hanging over mankind is not only a vitally necessary but also feasible task.

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NICARAGUA SEEKS COMPROMISE, UNITED STATES INCREASES HOSTILITY

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,
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[Article by I. Bulychev: "Escalation of Aggression. U.S. Policy in Central America"]

[Text]

I

The revived and modernized "gunboat" and "big stick" policy has become a determining element of Washington's present course in respect of the peoples' liberation movement. This is manifested particularly distinctly in Central America, where under the cover of a propaganda racket about a "communist offensive" the United States is pursuing a policy of imperial diktat and endeavoring to cobble together a reactionary bloc of antipopular regimes obedient to it. The purpose of such a policy is utterly clear: to prevent here the further development of the revolutionary process, squeeze the people of revolutionary Nicaragua in a ring of political-diplomatic, economic and military blockade and suppress the liberation movement in the region.

The White House's policy acquired a distinctly "power" nature with the assumption of office in Washington of the R. Reagan administration, under which state terrorism has become a basic component of the United States' global strategy. On the pretext of combating the "subversive operations of international communism" the American military presence in Central America is being built up, the scale of subversive operations against Cuba and armed provocations against Nicaragua is expanding and the volume of military aid to antipopular, dictatorial regimes has increased considerably. "The situation in Central America and the Caribbean contains a threat to peace worldwide and the cause of the national and social liberation of all the peoples of Latin America," a statement of the Conference of Communist Parties of South America (July 1984) says. "Contrary to the false assertions, it is not here a question of some East-West confrontation. All that is happening here is the result of attempts by the United States to prevent at any price the self-determination of our countries and deprive us of the right to overcome backwardness and dependence."

The policy of a "power" solution of the region's most acute problems contained in the Reagan administration's program declaration on Latin America, the so-called "Santa Fe Document," has been specified in subsequent works of the U.S. National Security Council's Planning Group (particularly in the report

"American Policy in Central America and Cuba in the Period Through the 1984 Fiscal Year Inclusive,"* which was prepared in April 1982) and other official White House documents. The Big Pine and Grenadero I maneuvers and other provocative military "games" in direct proximity to the borders of revolutionary Nicaragua have been organized, so-called "strategic" or "model" villages in El Salvador and Guatemala representing a modern variety of concentration camp are being created and "pacification" operations under the command of American "advisers" are being conducted in accordance with this policy. All this is an inalienable part of the process which the White House bombastically calls "democratization". If we lift the demagogic veil from the hypocritical statements, Washington's action program in Central America, which was extensively publicized in Reagan's speech at a joint session of the U.S. Congress on 27 April 1983, may be reduced to the concise formula: "democratization" by means of militarization and mass repression.

The main strike of U.S. imperialism against the liberation movement in Central America is spearheaded against revolutionary Nicaragua. The armed provocations, economic sabotage and terrorist acts which have been incessant throughout the 5 years which have elapsed since the victory of the Sandinista people's revolution have recently assumed a particularly bitter nature. On the orders of their bosses counterrevolutionary formations set up on the territory of neighboring states, which are armed with American weapons and led by CIA "specialists," are assassinating activists of the revolution and peaceful inhabitants, burning sown areas and peasant homes and destroying hospitals and schools. Washington is attempting in this way to frustrate the process of national reconstruction. The White House has unleashed an undeclared war against the people of this country, leveling at the Nicaraguan Government knowingly false charges of an intent to "export" revolution to other states of the region, arms supplies to the Salvadoran insurgents (although in all these years the White House has not once been able to present evidence in confirmation of this) and the "violation" of democratic liberties in Nicaragua itself. The already mentioned Reagan speech of 27 April 1983 served as a kind of signal for an expansion of the armed actions of the "contras" and "secret" CIA operations. These actions are an integral part of Washington's plans to frustrate the process of a peace settlement in the region.

However, the "stage-by-stage" intervention against the sovereign country has encountered the emphatic rebuff of the revolutionary people. Under the conditions of imperialist blockade the working people of Nicaragua under the leadership of their vanguard--the Sandinist National Liberation Front (FSLN)--are continuing to build a new life. The revolution has released the creative energy of the emancipated masses, which have joined actively in the process of national reconstruction. Representatives of the working people are being enlisted in the direct running of the country for the first time in Nicaragua's history. Workers and peasants, who were without rights in the recent past, are now taking part in the formation of a truly democratic political system. Rebuffing the aggressive actions of U.S. imperialism and its local underlings,

* See on this A. Glinkin, P. Yakovlev, "Latin America in Imperialism's Global Strategy" (MEMO No 10, 1982); K.A. Khachaturov, "Latin America: Ideology and Foreign Policy," Moscow, 1983.

surmounting difficulties and repulsing the armed provocations, the FSLN National Directorate and the Junta of the Government of National Reconstruction are consistently implementing a program of progressive transformations. The law governing political parties (enacted in August 1983) and the decree on the holding of a general election on 4 November 1984 were important events in Nicaragua's domestic political life. "For the Sandinista people," the appeal of the Sandinista Assembly Third Session said, "the elections become a defense task by means of which we will confirm the revolutionary triumph of 19 July 1979 and a program of political and socioeconomic transformations and measures implemented by the revolutionary government."*

Despite the economic and financial blockade organized by American imperialism, the Nicaraguan people have scored considerable successes in building the economic foundations of people's power. The nationwide ownership sector (public sector) has become the pivot of the "mixed economy" system which is being created in the country. Within the framework of this system there is room for everyone who is really interested in building a genuinely independent state. An indispensable condition of such cooperation is recognition by all of its participants of the changes occurring in the country, as D. Ortega, member of the FSLN National Directorate and coordinator of the Junta of the Government of National Reconstruction, emphasized, "in accordance with the new concept according to which the productive labor the the entire people should be channeled primarily toward the good of the broad social strata which earlier remained on the sidelines."** Great attention is being paid to the creation of a production and social infrastructure, an increase in the country's energy potential and a reduction in the dependence on oil imports thanks to the maximum mobilization of local resources.

Profound progressive transformations have been implemented in agriculture, which remains the basis of the national economy. The law on agrarian reform enacted in August 1981 lent powerful impetus to the development on new paths of this sector of production. Importance is attached to the creation of large-scale agrarian-industrial complexes and the development of a cooperative movement in the countryside.

Under the conditions of an acute shortage of resources and the complex foreign policy situation the Nicaraguan Government is continuing to implement the announced program of social transformations, in which the democratic essence of the Sandinist revolution is manifested particularly graphically. An offensive against illiteracy began immediately following its victory. Practically the entire country has become a huge school. In the shortest time the illiteracy level was reduced from 50 percent to 12.9 percent. In 1983 over 1 million Nicaraguans embarked on studies. No less impressive results have been achieved in the sphere of health care.

The process of national reconstruction, which was initiated by the victory of the Sandinist revolution, could be developed far more rapidly were it not for

* BARRICADA, 26 March 1984.

** AFRIQUE-ASIE, Paris, April 1984.

the policy of extermination of Nicaragua's revolutionary gains being pursued by Washington. Just the material losses from the armed provocations and economic sabotage of CIA mercenaries was put at \$345 million by mid-1983. Attacks on most important economic facilities of the country--the main ports and oil-storage tanks in Corinto, Puerto Sandino and elsewhere--have been made within the framework of the expanding aggression against Nicaragua. The "contras" attempted to put out of action a most important power station in Managua, an oil refinery and a cement plant.

The real threat hanging over the country is forcing the FSLN National Directorate and the Junta of the Government of National Reconstruction to adopt all the necessary measures to strengthen its defense capability. A law on patriotic military service has been ratified, the Sandinist people's militia has been reorganized according to the territorial principle and the work of the national economy has been reorganized in accordance with wartime conditions for this purpose. At the same time the Sandinist government is persistently seeking ways of easing the explosive situation in Central America and preventing the armed provocations growing into a broad regional conflict.

Nicaragua consistently supports the creation in Central America of an atmosphere of peace, trust and good-neighborliness. It is this goal which is pursued by the revolutionary government's peace initiatives, which provide, inter alia, for the conclusion of nonaggression and mutual security treaties with all states of the region. Nicaragua supports the realistic and constructive position of the countries of the Contadora Group, which advocate a political solution of Central American problems. The Junta of the Government of National Reconstruction welcomed the Cancun Declaration adopted by the Contadora Group in mid-July 1983, which outlines the basic provisions of a program of a political settlement of the situation in the region. Nicaragua responded to this appeal for peace immediately, proposing the development of the Cancun Declaration its own six-point program. It provided, inter alia, for the conclusion of a nonaggression treaty between Nicaragua and Honduras, a complete ban on arms supplies to the belligerents in El Salvador and renunciation of the housing of foreign military bases in Central America and military maneuvers with the participation of foreign army subunits.

II

What was the White House's response to the constructive proposals of the Contadora Group and the Nicaraguan Government, which reflected their sincere concern for the fate of the peoples of Central America? Reagan's speech on 18 July 1983 at the congress of the Longshoremen's Union in Hollywood (Florida) was a highly indicative response to these peace-loving initiatives, which have been commented upon extensively and been supported by the international community.* The U.S. President's speech graphically reflected the aggressiveness, cynicism and hypocrisy of Washington's Central American policy. While demagogically declaring support for the process of the "formulation of a multilateral approach to the establishment of peace" begun by the Contadora Group the head of the White House nonetheless urged continued military assistance to the reactionary regimes, regarding it as a "shield" in the "struggle for freedom".

* See THE INTERNATIONAL HERALD TRIBUNE, 19 July 1983.

Reagan's announcement of the establishment of a national commission for Central America (as leader of which he appointed former Secretary of State H. Kissinger) was, in Washington's designs, to have imparted greater plausibility to its hypocritical statements about interest in a political settlement in the region. The United States' actual operations in Central America leave no doubt as to the true nature of its plans. As has become known, several days prior to his speech in Hollywood Reagan approved a secret report submitted for examination by the National Security Council which recommended a 40-percent increase in the military assistance to the dictatorial regimes already requested from Congress.* A special interdepartmental group (it included representatives of the White House, State Department, Pentagon and the CIA) unequivocally advocated an increase in the United States' militarist presence in Central America, support of El Salvador's armed forces and the deployment of American military equipment on Honduran territory which could be used in the event of a crisis situation arising in the region. It also recommended continuation of the secret operations against the Sandinista revolution with the simultaneous pursuit of a policy of Nicaragua's political-diplomatic isolation.

The leak of information concerning the content of the report, which caused a rumpus in the White House, and the joint American-Honduran maneuvers which began in August 1983 in direct proximity to the Nicaraguan border and which were unprecedented in scale and duration (August 1983-February 1984) tore the mask of "peacemakers" from American politicians. While paying lipservice to the initiative of the Contadora Group Washington is in practice continuing the policy of militarizing Central America. Its actions are thus leading to a spurring of tension and the blocking of a peace settlement in the region.

The Reagan administration has counterposed to the peace-loving efforts of the Contadora Group and Nicaragua's constructive proposals a policy of "power" pressure and the cobbling together of reactionary military-political miniblocs, with whose aid the White House is attempting to impose its solution of the Central America crisis, which is contrary to the vital interests of the peoples of the region. The resuscitation in October 1983 on the initiative of the United States of the Central American Defense Council, the conversion of Honduras practically into a permanent operational proving ground of the Pentagon and the increased volume of military supplies to the reactionary regimes, in particular, testify to this. In spurring tension in the region to a critically dangerous level Washington is endeavoring to unleash a large-scale armed conflict here with its subsequent growth into a "local war".

The Nicaraguan Junta of the Government of National Reconstruction has repeatedly come out with initiatives for a normalization of relations with the United States based on respect for national sovereignty and the principles of equality and noninterference in other states' internal affairs. In February 1982 it promulgated a comprehensive program of a peace settlement in the region which contained together with proposals on the signing of nonaggression and mutual security treaties with all Central American states an appeal to the

* See THE NEW YORK TIMES, 17 July 1983.

United States to begin negotiations on a normalization of relations between the two countries. The readiness to conclude agreements and for negotiations with the U.S. Government was confirmed in D. Ortega's speech at the UN Security Council session in March 1982 and in subsequent official statements of the Government of National Reconstruction. On Nicaragua's initiative the question "The Situation in Central America: the Threat to International Peace and Security and Peace Initiatives" was examined in the course of the UN General Assembly 38th Session. A resolution was approved in support of the activity of the Contadora Group and efforts to ease the explosive situation in the region.

Following the adoption in September 1983 at a joint meeting in Panama City of the foreign ministers of the Contadora Group and the Central American states of the "Document of Aims," the Nicaraguan Government drew up and sent to all the interested parties the texts of four draft agreements on peace and security in the region. On 19 October 1983 Nicaraguan Foreign Minister M. D'Escoto handed these drafts to L. Motley, assistant U.S. secretary of state for inter-American affairs.

The new constructive, concrete proposals of the Government of National Reconstruction were aimed at removing tension and creating lasting peace in Central America. It was proposed, inter alia, to sign two treaties (Nicaragua--United States, Nicaragua--Honduras), a multilateral agreement among the five states of the region and an agreement on a settlement of the Salvadoran crisis. The Contadora Group countries were, in the event of their being signed, to be the guarantor of observance of the treaties and agreements.

However, these drafts were rejected by the White House on the pretext of the alleged incompleteness of the proposals they contained. In reality, however, this formal excuse concealed the Reagan administration's reluctance to contribute to a peace settlement in Central America. The further increase in the armed provocations of counterrevolutionaries operating from the territory of Honduras and Costa Rica, the attacks on the ports of Corinto and Puerto Sandino, which were accompanied by the bombing and shelling of important economic facilities of Nicaragua, and the direct participation of the Honduran military in the criminal actions against the Nicaraguan people led to a sharp exacerbation of the situation in Central America. The treacherous invasion of Grenada by subunits of the 82d U.S. Airborne Division showed the true essence of the present Washington administration's "love of peace".

The toughening of Washington's Central America policy is encountering the growing resistance of the peoples of the region. The protest movement against the United States' aggressive policy in respect of the Sandinista revolution and the intention to suppress by force the just struggle of the peoples of Central America is broadening, enlisting in its ranks representatives of various social strata and convictions, religious beliefs and racial origins. "Until the U.S. Administration," D. Ortega, the leader of revolutionary Nicaragua, declared, "abandons the policy of the use of force and interference in Central America which it is pursuing and while the armed conflict in El Salvador continues, effective and lasting peace in the region cannot be achieved."*

* BARRICADA, 5 December 1983.

Dissatisfaction with the continuing support for the Nicaraguan counterrevolutionaries and the increase in arms supplies to the puppet regimes of El Salvador, Guatemala and Honduras is also growing in the United States itself. The specter of a "new Vietnam" is forcing even those who until quite recently were advocating an increase in military spending intended for Latin America to reflect. Despite all the tricks and falsifications, it is becoming increasingly difficult for the Reagan administration to "push" through Congress requests for additional military appropriations for the "contras" and regimes guilty of mass repression and genocide. "Instead of continuing to cram this region with weapons, the United States should be seeking an immediate halt to the fighting," Sen C. Dodd, for example, declared, criticizing the White House.*

It is perfectly obvious that Washington's declarations about "democratization" and "freedom" are being used as cover for an aggressive policy in respect of the Sandinista revolution and the liberation struggle of the peoples of Central America. The mining of Nicaraguan harbors by CIA "experts" was a scandalous violation of fundamental UN principles, elementary rules of international law and the OAS Charter. The criminal operations of the American special services, as a result of which several merchant ships, including the Soviet tanker "Lugansk," were damaged, evoked a wave of anger and protests in the world. Having emphatically protested to the U.S. Administration in connection with this criminal action, the USSR Government held it entirely responsible for the consequences of these unlawful actions. "The Soviet Union," a USSR Government note of 21 March 1984 to the U.S. Administration said, "most categorically condemns the policy of terrorism, arbitrariness and interference in the affairs of sovereign independent states being pursued by the United States as incompatible with the generally accepted rules of law and morality and as creating a threat to peace and international security and insists that it cease."

Washington's terrorist actions were condemned by the overwhelming majority of states of the international community, including the United States' allies. The international terrorists from Washington were found guilty in the course of sessions of the International Court in the Hague, where the Nicaraguan Government's complaint against the criminal actions of the Reagan administration was investigated.

III

The latest attempt to "legitimize" the United States' impudent interference in the internal affairs of sovereign states was National Security Council Directive 138, which was signed by the chief of the White House on 3 April 1984. In accordance with the directive, a special subdivision of the Pentagon in conjunction with armed groups of the CIA and the FBI is authorized to inflict "preemptive strikes" on those whom Washington deems it necessary to accuse of "terrorism". The directive, just like Reagan's 9 May speech on national television devoted to Central America, declaring Washington's policy of a military solution of the problems of the region "a legitimate right and moral duty" of the United States, is essentially counterposed to the peace-loving

* See THE WASHINGTON POST, 27 April 1983.

initiatives of Nicaragua and the Contadora Group. Having resorted to new fabrications concerning the "threat of communist aggression" in Central America and false charges against Nicaragua, President Reagan attempted to justify the aggressive U.S. policy in the eyes of the American public and win over Congress to approval of a program of additional appropriations for military assistance to the Nicaraguan counterrevolutionaries and the reactionary regimes of the region.

The policy of continued militarization of Central America is encountering growing resistance on the part of all forces consistently supporting the prevention of the threat of a local war and a search for solutions corresponding to the interests of peace and the security of the peoples of the region. Thus at the start of February 1984 the heads of state of Argentina, Bolivia, the Dominican Republic, Colombia, Costa Rica, Nicaragua and Panama and also the Spanish premier, who were attending the inauguration ceremony for the new Venezuelan president, J. Luisini, signed a joint declaration. It condemned all military operations which could lead to a destabilization of the situation in any country of the Latin American continent and emphasized the need for solidarity and cooperation to ensure peace, security and democracy. Having expressed support for the peace-loving efforts of the Contadora Group, the leaders of these states appealed to all countries having dealings with Central America to contribute to the practical realization of the peace-loving, constructive proposals.

Serious concern was expressed this March at a meeting of members of parliament of Spain, Portugal, Brazil, Bolivia, the Dominican Republic, Colombia, Cuba, Mexico and Nicaragua in Madrid at the situation in Central America. Having unanimously advocated a peaceful solution of the region's problems, the participants in the meeting proposed inclusion of the question of Central America on the agenda for the next conference of the Interparliamentary Union. Participants in the UN Economic Commission for Latin America 20th Session in April 1984 in Peru also opposed interference in the internal affairs of countries of the region.

During his official visit to the United States in May 1984 Mexican President M. de la Madrid emphasized that "the Central America conflict is a consequence of economic weakness, political backwardness and social injustice." Having called for respect for the rules of international law, he opposed attempts to solve Central America's problems with the aid of force and expressed belief in the possibility of a settlement of the crisis in the region by way of negotiations with the mediation of the Contadora Group. "Policy and diplomacy," M. de la Madrid observed, "afford a real prospect of agreements on the banning of the stationing of foreign bases, a reduction in and limitation of the presence of foreign military advisers and the establishment of mechanisms which will prevent arms supplies, help put an end to the actions of destabilizing groups and lessen the arms race in the region."*

* EL NACIONAL (Mexico), 17 May 1984.

The agreement on the establishment of a joint Nicaraguan-Costa Rican commission for observing the situation in the border region of the two countries, which was reached in Panama in mid-May 1984 with the mediation of the Contadora Group, testifies to the existence of real opportunities for an easing of tension and a peaceful settlement of the crisis in Central America. The commission, whose main task is the removal of tension and the prevention of armed incidents of the Nicaraguan-Costa Rican border, is composed of two representatives each from Nicaragua and Costa Rica and one from each of four Contadora Group countries. Panamanian President J. Illueca declared that the agreement "opens new horizons and confirms the merits of the Contadora Group and its extraordinary possibilities."* The achievement of this agreement was a palpable blow to U.S. plans to create a further center of tension on Nicaragua's southern border and achieve the political-diplomatic isolation of the Sandinista revolution.

The point is that Washington is attempting to stimulate the operations of the counterrevolutionary bands from the so-called Democratic Revolutionary Alliance (ARDE) based on Costa Rican territory in areas adjacent to the Nicaraguan border. While President Reagan is declaring U.S. support for an "all-embracing" initiative in the name of peace with the assistance of the so-called "Contadora process" the CIA is increasing military supplies to the "contras" from the ARDE, prompting them to expand armed actions against revolutionary Nicaragua. Mercenary detachments have repeatedly carried out armed raids on Nicaraguan territory. Furthermore, throughout recent months C. Windsor, the American ambassador in Costa Rica, and Gen P. Gorman, commander of the U.S. Southern Command, have been putting pressure on the Costa Rican Government, seeking, in particular, authorization to build a ramified military infrastructure in (Upala) close to the Nicaraguan border and extend the road network in the border region of San Isidro.

These plans are supported by local reactionary groups advocating an expansion of military cooperation with the United States and aspiring to frustrate the policy of neutrality announced by President L. Monge. Costa Rica's progressive forces condemn the plans for the country's militarization being concocted by Washington. On 15 May, the day the Nicaraguan-Costa Rican agreement was signed, there were mass demonstrations in the streets of the capital--San Jose--against the subversive activity of the CIA, in support of the policy of neutrality and for good-neighborly relations with Nicaragua.

Attempting to frustrate the process of normalization of relations between Nicaragua and Costa Rica, the CIA mercenaries from the ARDE launched in mid-May a simultaneous attack on a Nicaraguan customs post and the border settlements of La Pimienta and Boca de Sapoá. Attention is attracted by the fact that the provocative operations of the Nicaraguan "contras" are stepped up each time that, thanks to the peace-loving efforts, primarily of the Contadora Group and Nicaragua, a real opportunity arises for an improvement in the situation in the region. This coincidence is not fortuitous. It is the result of Washington's so-called "balanced" policy in Central America.

* GRANMA, 17 May 1984.

The White House is also employing a similar approach in respect of El Salvador. It was for this purpose that "free" elections were organized in the country with the direct participation of the CIA. Their basic content consisted of the creation of a "democratic" facade for the puppet regime and a broadening under the cover thereof of the offensive against the patriotic forces.

As is known, on 6 May 1984, in the second round of voting J. Duarte was "elected" president of El Salvador. It was also ascertained that to ensure the victory of the Pentagon's protege the CIA has spent approximately \$2 million. No one even attempted to refute this fact, which received press publicity. By preferring Duarte to the other pretender to the office of president from the ultraright party--the nationalist Republican Alliance--R. D'Aubuisson, who is known for his ties to the "death squads," the White House thus demonstrated its adherence to "democratization". Many demagogic statements about "human rights, liberty and democracy" were also made in Washington during Duarte's visit to the United States at the end of May. And this entire "performance" culminated in Reagan's signing of a bill appropriating \$62 billion in the current 1984 fiscal year for "emergency" military assistance to El Salvador.

Upon his return from the United States, Duarte issued an order for the start of broad-scale counterinsurgency operations in seven provinces. Peaceful inhabitants are dying, schools and peasant dwellings are being destroyed and sown areas are being devastated as a result of massed bombings, artillery shelling and punitive operations. But this is not all. In order to prove conclusively the White House's adherence to the "democratization" process the State Department issued an entry visa to the United States to D'Aubuisson, whom R. White, former U.S. ambassador to El Salvador, has called a "pathological killer". D'Aubuisson was received with outstretched arms in the White House. Thus while publicly condemning the criminal actions of the "death squads" Washington organized a reception in honor of a ringleader of the assassins, on whose conscience is the death of many Salvadorans, including Oscar Arnulfo Romero, archbishop of San Salvador, who opposed the mass repression and policy of terror. Meanwhile the country continues to receive generous military assistance from the United States--the principal means for implementing the "democratization" process, as understood by the Reagan administration.

The White House carried out the election farce rehearsed in El Salvador in Guatemala also. Elections were held there on 1 July to a constitutional assembly which is to draw up a new constitution and prepare the final stage of "democratization" American-style. An integral part of this process is the policy of continued militarization of the country, the creation of new military bases and increased arms supplies. There is simultaneously an expansion of the zone of so-called "model villages" in the areas of operation of detachments of the insurgent organizations which are a part of Guatemalan National Revolutionary Unity. On the pretext of combating the guerrillas entire Indian communities situated in areas rich in oil and other minerals (nickel, uranium and so forth) are being erased from the face of the earth. Their inhabitants are being driven into "model villages," while the land is being farmed out to foreign, chiefly American, companies or seized by the army top brass.

Washington is attempting to pass off these operations, which are being carried out in accordance with "pacification" plans, together with the organization of "free" elections and the expansion of American military assistance to the puppet regimes as the way to a settlement of the situation in the region. In reality, this policy represents a most flagrant violation of human rights and is subordinated to the goal of isolating the population of the rural areas from the insurgents and physically liquidating detachments of patriots. Direct leadership of the military operations of the Guatemalan Army's counterinsurgency units and the specially trained ("kaibiles") battalions, which are "famed" for the most bestial reprisals against the peaceful population, is exercised by W. Mercado, assistant military attache at the American Embassy in Guatemala, and U.S. Army Colonel G. (Kets). According to the conclusions of the "Kissinger Commission," which drew attention in its report to the importance of Guatemala for "the security of the region and the United States," an expansion of military assistance to it is envisaged in the immediate future.

At present such recommendations of the commission extend to practically all states of the region where regimes "friendly" to Washington are in power. Thus U.S. military assistance to Honduras, which has virtually become a huge Pentagon base, is set for 1985 at \$211.3 million, which constitutes approximately half of this country's budget. In the last 2 years the United States has hastily been creating a military infrastructure on Honduran territory in areas directly contiguous to the border with Nicaragua. Some \$100 million have already been spent for this purpose. In the course of the recent Grenadero I military maneuvers with the participation of American, Honduran and Salvadoran military contingents construction of a runway to accommodate heavy C-130 transport aircraft was begun 25 kilometers from the Nicaraguan border in the direct proximity to the Salvadoran provinces of Morazan and Chalatenango, where strong points of detachments of the Farabundo Marti National Liberation Front are situated. Twelve American military bases are now situated on Honduran territory--a kind of "record" for this small country on the continent.

The escalation of the United States' aggressive operations against revolutionary Nicaragua and the liberation struggle of the peoples of Central America is creating a crisis situation representing a threat to peace and security. Washington's militarist policy in the region is a manifestation of its general adventurist line in the international arena and the aspiration of American imperialism, as the 26th CPSU Congress emphasized, "to restore to itself the role of arbiter of the fate of the peoples" at all costs.

The Soviet Union's solidarity with the heroic Nicaraguan people was declared at a meeting in Moscow on 18 June 1984 between K.U. Chernenko, general secretary of the CPSU Central Committee and chairman of the USSR Supreme Soviet Presidium, and D. Ortega member of the FSLN National Directorate and coordinator of the Junta of the Government of National Reconstruction of the Republic of Nicaragua. The leaders of the two countries emphatically condemned the United States' hegemonist policy in Central America and the Caribbean and supported a peaceful political settlement of the region's problems by way of negotiations on a just basis.

The situation in this region, which has become seriously exacerbated through the fault of American imperialism, dictates the need for a stimulation of the struggle of the progressive, peace-loving forces against Washington's militarist, adventurist policy, for respect for the legitimate rights of all states and peoples and an easing of international tension and for lasting peace and security in the world.

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40th ANNIVERSARY OF COMMUNIST POWER IN POLAND COMMEMORATED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,
Sep 84 (signed to press 14 Aug 84) pp 58-63

[A. Ivanov article: "40 Years of the People's Poland"]

[Text] On 22 July 1984 fraternal Poland marked an important date--the 40th anniversary of the birth of the socialist state. In the life of people, whose history goes back for more than 1,000 years, 40 years is an insignificant fragment of time, little more than half of the average lifespan of one generation. However, the last 40 years in the country's history should be measured by a different yardstick. The Polish People's Republic has trod a complex and difficult path of development since those memorable days when, having broken the furious opposition of the enemy and crossed the River Bug on 20 July 1944, the Soviet Army troops together with Polish Army units marched into the country. One day later the Polish committee of National Liberation, the country's temporary parliament, which on 22 July published its historic manifesto in the old town of Chelm urging the people to continue the struggle against the fascists and proclaiming an extensive program of democratic transformations, was set up. The day on which the Manifesto was published is recognized as the Day of Restoration and is celebrated as the country's biggest national holiday.

The year 1943 was the prologue to these memorable events, and is rightly considered a turning point. The most dramatic events in the life of the Polish people, events indivisible from the fate of Europe as a whole and connected with the battle of the peoples of the countries making up the anti-Hitler coalition against Nazi Germany and its allies, were concentrated in this year. Within Poland itself the situation was aggravated by the most acute struggle between opposing social and political forces over the choice of a further path of development and the form of the future state system. It was precisely in 1943, when the war with the Hitlerite occupationists was at its height, that there shone a ray of hope in the hearts of the Poles, as in the hearts of other enslaved peoples of Europe.

The crushing defeat of the fascist army played an exceptional role in the history of Poland. The fact that freedom and salvation from physical annihilation came from East and that they were brought by the army of the first socialist state in the world was crucial in the awareness of the Polish people, and particularly

of the working masses whose interests were represented by the Polish Workers Party (PWP) formed in January 1942.

Proclaiming the principles of national and social liberation, the PPR resolutely entered into the struggle for the country's freedom and independence. It had to operate in the most difficult conditions of the occupation, in a situation when there existed underground organizations of right wing orientation mainly connected with the reactionary emigre government based in London. Communists formed the core of the party, participating in the anti-Hitlerite underground in Poland itself and also on the territory of the Soviet Union. Thanks to its clear, precise program for national and social liberation, the PWP consolidated numerous patriots around it and prepared the ground for building socialism in the future, liberated Poland.

The dawn of freedom broke on a still occupied country. In October 1943 the battle in the Belorussian town of Lenino began the campaign record of the First Division imeni Tadeusz Kosciuszko, which paved the way for the formation of the Polish People's Army. The aims of those who sat on the other side of the class barricade were also clear: to restore the old, bourgeois landowning republic, which had suffered a devastating catastrophe in 1939. The development of events made it clear, however, that nothing could stop the triumphant march of the Soviet Army bringing freedom to lacerated Europe. There could be no going back to the past. Let us recall that 600,000 Soviet soldiers gave their lives in the battle to liberate Poland.

July 1944 opened a new era of radical socioeconomic and political transformations and signified a qualitatively new stage in the life of the country. The birth of the people's Poland was a clear embodiment of what the best representatives of many generations of Poles had long dreamed of, struggled for, and aspired to.

As early as November 1943 the program document of the PWP, "For What Are We Struggling?" set out the main proposition of the future democratic transformations: winning power for the working people, nationalizing industry, banks and transport, implementing agrarian reform, democratizing education and culture, and developing social legislation in the interests of the working people. The communists proclaimed alliance and friendship with the USSR as the foundation of its foreign policy course, regarding this as a firm guarantee of peace, security, and the inviolability of the new Poland's borders.

The historic significance of the change in Poland's foreign policy was emphasized in the Soviet-Polish Treaty of Friendship, Cooperation, and Mutual Assistance signed in April 1945. While the fires of bloody battles still blazed on the fronts of World War II our countries consolidated their allied relations with an official document. This was the first international treaty of the liberated Polish state, which acquired a reliable and powerful ally in the Soviet Union, an ally struggling for an independent, democratic Poland not in words but in deeds.

The problem of national sovereignty and the security of the state, reborn within new just borders, was resolved once and for all with the formation of the Polish People's Republic. The historic postwar changes brought about in Central and Eastern Europe mean that the PPR now has friendly neighbors on all

its borders. Friendship and alliance with the USSR, the CSSR, and the GDR and the allied bilateral treaties cemented by the Warsaw Pact are important factors of peace, the inviolability of borders, and the whole postwar structure on the European continent.

The PPR embarked upon the path of building socialism as a country which had inherited economic, cultural, and social backwardness having been aggravated by the cruel terror of the Hitlerite occupationists and the ravages of war. Restoring the economy and virtually building from scratch the system of people's education, public health care, and cultural and scientific institutions was both a condition and the basis of the young state's development. The task of restoring the country from ruins in the shortest possible time was successfully fulfilled during the period of the 3-year plan (1947-1949). During the next 6 years (1950-1955) the foundations of socialist industrialization were laid. Agrarian reform was implemented and industry banks, and natural resources were nationalized. All this created the conditions for the swift development of productive forces and led to profound changes in the class structure of society and in the position of the working masses. The problem of overpopulation in the Polish countryside was resolved, the development of the working class, which had become the country's vanguard, was given powerful impetus, and the western and northern lands were returned to Poland thanks to the support of the Soviet Union.

During the years of the people's power the country has been electrified and a network of powerful electric power stations has been built. Naval ports and shipyards have been built and the fleet of ocean-going vessels has been expanded. New branches in industry have appeared, such as the chemical industry (including the production of artificial fibres and fertilizers), cement, aviation, electronics, and automobile construction industries, and the road network and the majority of railways, many of which have been electrified, have been modernized.

Consistent implementation of the PPR's program and the proposals contained in the July Manifesto have led to a radical change in the correlation of social forces. With the liquidation of the bourgeois class on a social plane and the advancement of workers and rural workers to a leading place in the life of the nation, Poland has turned into a developed industrial-agrarian country after having been a backward agrarian one and has won firm positions in the international arena. During the period 1946-1982 industrial production has increased 26 times. Now two-thirds of the population lives in the cities. The PPR owes its achievements to the policies of the Polish communists which answer age-long national aspirations. These communists were first united in the ranks of the PPR and, since 1948, in the PZPR.

An important factor in the restoration of the war-ravaged national economy was the fraternal aid given by the Soviet Union. Cooperation in the country's industrial development and in supplies of necessary raw materials and equipment, and technical assistance in the designing and building of many industrial projects are written forever into the annals of Soviet-Polish postwar relations. These relations were crowned by the joint space flight undertaken by Soviet cosmonauts and their Polish colleague.

The country has had its difficulties during the last 40 years of socioeconomic development. There have been mistakes and painful crisis situations along the path of building a new society. The party and the socialist state had to undergo an especially serious test of stability at the beginning of the eighties. On the one hand, it became acutely necessary to rectify the serious errors and to eliminate the weaknesses which had appeared in the practice of building socialism during the last decade; and on the other, the socialist state and the achievements of the working people had to be protected against the threat of counterrevolution. One can boldly say now that, despite all the difficulties, hesitations, and manifestations of opportunism and revisionism among certain party members, also including active party members, the PZPR had the strength to overcome counterrevolution, cast antisocialist forces away from social life, and purge itself of those to whom the ideals of Marxism-Leninism are alien.

It is no accident that the PZPR, its leading role in society and in the state, the cadres, and the active party members were the main target of the antisocialist forces' furious attacks which began in the autumn of 1980 and continued for the whole of the following year. The socialist state was depicted as some kind of force antagonistic to the workers class in counterrevolutionary propaganda. It was on these grounds that the pseudo-trade union "Solidarity" appeared and for a certain period an original dual power was established in the country, the meaning of which was expressed by the formula of the so-called "self-governed republic."

The acuteness of the political crisis was also caused by the fact that the antisocialist forces were heterogeneous in nature: from representatives of extreme rightwing, fascist reaction to holders of anarcho-syndicalist, social democratic, and clerical ideas. The whole of this ill-assorted public was united by one thing: a rejection of socialism and a hostile attitude toward the achievements of the PPR, its historic legacy, and the party's domestic and foreign policy course.

During those terrible days for socialist Poland, when the fundamental question of the class struggle--"who will win"--was being decided, the truly internationalist nature of the relations connecting the USSR and Poland and all fraternal socialist countries, relations based upon common ideals and aims and mutual respect and support, was fully revealed. "We will not abandon fraternal Poland in its distress but stand up for it!" These words, resounding from the tribune of the 26th CPSU Congress and expressing the opinion of Soviet communists and the Soviet people, were heard by the working people of Poland and by all to whom the achievements of socialism are dear. The help given by allies helped to restrain the onslaught of both external and internal counterrevolution and reaction and then to stabilize sociopolitical and economic life.

History has proved that the strength and cohesion of the countries of the socialist community and their close interaction in building the new society and defending peace have always acted as a powerful barrier in the way of imperialist plans being implemented. This is what happened in Poland. When the calculations of counterrevolution were decisively wrecked in December 1981

thanks to the introduction of martial law, the West decided to "punish" the country and its people. An unprecedented campaign was launched against Poland--from political pressure and attempts to isolate Poland in the international arena, as well as economic "sanctions," to direct interference in the internal affairs of a sovereign state with the aid of subversive means and methods of "psychological war."

But history cannot be reversed by any unbridled campaign. The attempts by imperialist circles to undermine the socialist social system in the PPR failed. However, the political and particularly the ideological struggle is still being waged. The PZPR confirmed at the 13th Central Committee plenum held on 14-15 October 1983 that it is aware of the acute and complex nature of the struggle in the new conditions. W. Jaruzelski, First Secretary of the PZPR Central Committee, spoke about this in his speech at the plenum: "The ideological struggle is being waged daily. It is being waged everywhere. Its front crosses all circles and groups of people and all take on socially important tasks."

The antisocialist forces have still not given up hope of taking revenge for the defeat they suffered in December 1981 and in the following months. They are actively supported by centers of ideological diversions in the United States and other NATO states. Imperialism is launching attacks on all fronts and through channels--political and economic, ideological and military. A component part of imperialist strategy and tactics is to encourage opposition, subversive operations, diversions, and espionage.

While pursuing a policy of global confrontation with the world of socialism, the American administration gambles on weakening it and breaking it down from within. Thus, the political struggle in Poland is closely connected with the global antisocialist strategy of the incumbent U.S. administration and its policy of a "crusade against communism."

The decision adopted at the 13th PZPR Central Committee plenum to celebrate the 40th anniversary of the formation of the PPR reflected the belief that it would take the form of a nationwide and deep discussion on the path trod by the country and on the prerequisites for reaching new frontiers in socialist construction.

The celebrations, as it is emphasized in the decision, must help to form an objective picture of Poland's most recent history in the public awareness. This is very important considering the attempts still made by ideological and political enemies both inside the country and abroad to question the significance of Poland's achievements.

Objective appraisal of these achievements makes it possible to state that during an historically short period of time profound socio-political and socio-economic transformations have taken place in the country, which have transformed the fundamental way of life of the people. The costs of these struggles have changed still further in the conditions of the exacerbation of the international situation. It is no accident that in the atmosphere of anti-Polish psychosis and blackmail created by the Reagan administration among the rightwing, nationalist circles of the FRG among governmental representatives, voices are

once again being heard openly questioning the inviolability of the PPR's borders. This can also be fully attributed to the policies of Washington, which does not give up hopes of revising the existing political-territorial realities in Europe.

The 40-year history of the PPR has convincingly confirmed the correctness of the main direction of PPR foreign policy chosen by the Polish communists: to strengthen relations of friendship and cooperation with the USSR. During the years of World War II in the postwar period, and in the difficult moments experienced by the country in the recent past, it was precisely the Soviet Union that gave the PPR the most significant and most necessary help and support. This is an example of genuine internationalism in relations between the PZPR and the CPSU and between the PPR and the USSR. This is a most important achievement of the peoples of our countries.

Together with the Soviet Union and the other fraternal socialist countries, Poland sets off a policy of detente and international cooperation against the course of confrontation and the arms race. It supports all the USSR's constructive proposals to bridle the arms race. At the same time the PPR works toward a normalization of relations with the countries of the West which must be based upon full renunciation by the latter of their policy of economic pressure and blackmail, which has caused the country considerable economic damage but has ultimately suffered complete failure. Poland has not stood alone. Its alliance with the fraternal socialist countries has stood the test of time. It has been, is, and will continue to be a component part of the socialist commonwealth.

The close interaction of the communist parties is the political base and firm foundation of all aspects and forms of cooperation between the fraternal countries. The exchange of delegations and workers groups at various levels and the systematic consultations between the Central Committees of both parties make it possible to coordinate the actions of the USSR and the PPR in the international arena. Meetings between the leaders of the CPSU and the PZPR, during which the main aspects of developing fraternal relations in the spheres of the economy, culture, and sociopolitical life are determined and the tasks for further increasing the effectiveness of mutual relations and contacts are mapped out, have particular significance.

The working visit to the USSR by W. Jaruzelski, First Secretary of the PZPR Central Committee and Chairman of the PPR Council of Ministers, in May 1984 was a major event. The signing of "The Long-Term Program for Economic and Scientific-Technical Cooperation Between the USSR and the PPR for the Period up to the Year 2000" is clear proof of the stability of fraternal relations. "Implementation of the ideas contained in the program," wrote TRYBUNA LUDU on 8 May 1984, "will make it possible to utilize the production and intellectual potential created in our countries more effectively and to our mutual benefit, to jointly work our way toward new frontiers of progress, and to more deeply reveal socialism's creative potentials."

It is deeply symbolic that a memorial to Soviet-Polish brotherhood-in-arms has been unveiled in the old Russian town of Ryazan in the year of the PPR's

anniversary and on the eve of the 40th anniversary of the great victory over fascism. The celebrations connected with this took the form of a clear demonstration of proletarian and socialist internationalism and of inviolable friendship between the peoples of the two countries.

W. Jaruzelski gave a high appraisal of the internationalist position of the Soviet Union, which gave Poland exceptional help during the war years and after the war and continues to do the same today. K.U. Chernenko, General Secretary of the CPSU Central Committee and Chairman of the USSR Supreme Soviet Presidium, once again confirmed the Soviet Union's unvarying adherence to this policy: "...We have no doubt that, under the leadership of the PZPR, the workers class and the working people of Poland will be able to overcome the consequences of the crisis and put their motherland back on the rails of stable socialist development. In the struggle for these aims Polish communists and the fraternal Polish people will be able, as before, to rely on the support and solidarity of the CPSU and the Soviet people."

Those in the West who still believe in their impossible dreams of reversing the course of social development should heed the Soviet leader's strong warning: "I wish to say without any reservations: We are prepared to give the most decisive rebuff to anyone who dares to encroach upon the independence of our motherland or upon that of fraternal Poland and our other socialist allies." The cause of strengthening the economic and defense might of the socialist countries is served by the decisions of the top-level economic conference of the CEMA member--countries held in Moscow in May.

What tasks face the PPR, which is now in the fifth decade of its history? In the opinion of our Polish comrades, the consequences of crisis phenomena must be overcome, economic equilibrium ensured, production capacities fully utilized, and the 1979 level of industrial production and national income surpassed. As W. Jaruzelski noted in his speech at the All-Polish Party Conference, the fulfillment of these tasks will be aided by strengthening the party's ties with the working people, consolidating its workers class nature and leading role, launching an ideological offensive and giving young people a socialist education, further developing Poland's relations with the fraternal socialist countries, and deepening friendship with the Soviet Union. By following this course the PZPR intends to ensure that the country will be set on a straight path leading to the building of socialism in all spheres of socioeconomic life. It is precisely this aim that is set in the PZPR declaration "What We Are Fighting For, Where We Are Heading." At present a draft long-term program is being drawn up, which will be presented for general discussion in the party on the eve of its 10th congress.

At the All-Polish Party Conference W. Jaruzelski noted the great paths trod by the Polish peoples over the course of 40 years and the scale and significance of what has been achieved. "Despite mistakes, defeats, and failures," he emphasized, "this was a period which has no equal in Polish history." In these words lies deep faith in the rightness of those who have begun and continue building a new Poland.

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40th ANNIVERSARY OF COMMUNIST POWER IN ROMANIA COMMEMORATED

[Editorial Report] Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9, September 1984 (signed to press 14 August 1984) carries on pages 64-71 a 5,000-word article by B. Poklad entitled: "Romania: 40 Years on the Socialist Road." In the article, Romania's development is reviewed since 1944 when, on 2 April, the Soviet Army entered Romania's territory in its advance to "liberate the East European countries from the German fascist occupiers." Poklad points out that the statement issued by the USSR Government on that occasion "testified to the noble goals of the Soviet Union in relation to the Romanian people and demonstrated the respect for the sovereignty and independence of the country." Following the 23 August 1944 people's uprising under the leadership of the Romanian Communist Party [RCP] and the Soviet Army's entry into Bucharest on 30 August of the same year, Romania entered the war on the side of the allied powers, Poklad recalls, and stresses: "The battle friendship of our people was born in the joint struggle against the common enemy and was sealed with the blood of Soviet and Romanian soldiers."

The 40-year history of socialist Romania, writes Poklad, has been closely linked with the party of the workers class, and following the complete victory of socialism in the cities and countryside in the middle of the sixties, the RCP set the course for building a developed socialist society. The author goes on to say that Romania is now a modern industrial-agrarian state which, in cooperation with the Soviet Union, has developed important industrial branches such as the metallurgical, machine building, electric power, chemical, shipbuilding, and aircraft industries. Romania has constantly continued to develop its economic and scientific technical cooperation with the Soviet Union and other socialist countries, Poklad notes and adds: "Romania's cooperation within the framework of CEMA is of great importance for solving the country's most important socioeconomic tasks." Citing the volume of Romania's trade with other CEMA countries, the author writes: "It is jointly with other states of the community that Romania is implementing the Complex Program of Socialist Economic Integration, is developing production specialization and cooperation, is engaged in joint scientific research activities, is cooperating in the production of raw materials, and is participating in joint construction projects..."

Dwelling on the Soviet-Romanian friendship, Poklad highlights the importance of the Soviet-Romanian Treaty of Friendship, Cooperation, and Mutual Assistance

signed on 4 February 1948 as well as the new, similar treaty signed on 7 July 1970. He states in this connection: "The conclusion of treaties between Romania on one hand and the USSR and other East European socialist states on the other, as well as the treaties concluded among other fraternal countries, marked a unification of their efforts to protect and strengthen the people's democratic system and to jointly defend themselves against possible imperialist aggression." It is on the basis of the aforementioned treaties that the "allied relations of friendship and comprehensive cooperation between the USSR and the Socialist Republic of Romania have continued to be developed and strengthened and that their interaction in the political, economic, defense, cultural, and other spheres has continued to expand," Poklad continues. In this connection he recalls the joint communique issued at the conclusion of Nicolae Ceausescu's visit to the USSR and the latter's talks with K.U. Chernenko, and cites a series of facts and figures on Soviet-Romanian trade and economic cooperation and Soviet assistance to Romania.

Turning to Romania's foreign policy and international position, Poklad notes that Romania maintains diplomatic relations with 140 states and has active contacts with developing countries and the developed capitalist countries. "Being a member of the fraternal family of countries of the socialist community," the author continues, "Romania strives to curb the arms race and for disarmament and to solve disputes through negotiations. Its efforts are aimed at preventing nuclear war, preserving peace, and ensuring security in Europe and the entire world.

"The close military cooperation of the Warsaw Pact member states and the strengthening of their defense might assume a special importance under the conditions of the aggravated international situation. Facing the dangerous development of events provoked by the aggressive actions of imperialism, they are forced to increasingly strengthen their defense capability and strictly fulfill the joint defense obligations assumed by them because the interests of national defense are organically combined with the interests of the collective protection of the socialist community. The fraternal socialist countries are fully determined not to allow any disruption of the existing correlation of military forces in Europe, and to ensure stability on the continent." In this connection Poklad cites the pertinent passage from the June 1984 joint communique on the Soviet-Romanian talks during Nicolae Ceausescu's visit to Moscow.

"The U.S. and NATO militarist policy is opposed by the peaceful policy of the Warsaw Pact countries and their concept of peaceful life on Earth," Poklad continues, "consistently and purposefully following the policy of solving the cardinal problems of the contemporary period, the USSR, Romania, and other fraternal countries have advanced a clear and realistic program of preserving peace and preventing nuclear war." This is convincingly attested to by the 5 January 1983 Political Declaration of the Warsaw Pact member states and the 28 June 1983 Moscow Joint Statement of the party and state leaders of socialist countries, Poklad stresses.

Recalling that the USSR and Romania have clearly stated that they expect the United States and other NATO countries to adopt a constructive approach to recent proposals on concluding a treaty on nonuse of military force and maintaining peaceful relations, to free Europe from chemical weapons, and to reduce the

military budgets of member-countries of the two main military-political alliances, Poklad writes. "They have also stated that they resolutely advocate the achievement of positive agreements aimed at reducing the threat of war and strengthening the stability of international relations in Europe at the Stockholm Conference on Confidence-building Measures and Security and Disarmament in Europe."

The author continues: "In connection with the aggravation of the world situation provoked by the actions of the United States and NATO, the socialist community has a direct responsibility to its own people and to all forces working against the arms race and for the prevention of nuclear war. Therefore, the strengthening of their friendship and cohesion and even closer coordination of their actions in relation to questions of international and foreign economic policies naturally assumes special importance for the fraternal socialist states." Poklad calls attention to the fact that the summit meeting of CEMA member-countries in Moscow in June 1984 "convincingly demonstrated the indestructible unity of the socialist community and the unflinching will of the fraternal peoples to follow the path of building socialism and communism and wage an unremitting struggle against the dangerous adventures of the reactionary imperialist circles and to prevent nuclear war."

Poklad concludes his article by saying: "Under the conditions in the present international situation, which has been seriously aggravated as a result of the aggressive plots of the imperialist circles and primarily the United States, the role of the military-political alliance of the socialist countries, the Warsaw Pact, as the main guarantor of peace and international security, has even further increased, and its activeness has become especially important and topical. It is precisely for this reason that, during their June talks, K.U. Chernenko and N. Ceausescu stressed the significance of the Warsaw Pact "as an effective instrument of ensuring the security of the allied socialist countries and of jointly working out and implementing their peace-loving foreign policy, as well as an important factor in preserving and strengthening peace in Europe, especially in the current difficult international situation."

"The unity and cohesion of the socialist countries and their coordinated actions on the international scene determine to an enormous extent not only the present situation in the world, but also the character and the paths of the historical development of mankind and of preservation of peace and civilization on our planet. Therefore, questions of strengthening the unity and cohesion of the countries of the socialist community and of perfecting their political cooperation are at the center of attention of the CPSU, the RCP, and the communist and workers parties of all fraternal countries," the article concludes.

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REFLECTIONS ON EUROPEAN PARLIAMENT ELECTION

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,
Sep 84 (signed to press 14 Aug 84) pp 93-98

[Article by Yu. Baturin: "Where Will the 'European Idea' Lead?"]

[Text] A public opinion poll was conducted in Britain on the eve of the elections to the European Parliament. The voters were asked, in particular: should the members of the European Parliament for whom they vote pay more attention to defending the interests of their own country than to activity in the name of a future Europe? Two out of every three respondents put British interests first. The spirit of European unity, the notorious "European idea," is not hastening to take root among the population of the Common Market countries, although the corresponding symbols are already contemplated--a European passport, flag, anthem and decorations even. As yet, true, it is SS generals who are being awarded medals in the name of European unity, as was the case in France with F.-H. Harmel, former commander of the SS 10th Armored Division. In the city of Bayeux, in the museum of history of the Normandy battles, Deputy Mayor B. (Roke) solemnly presented Harmel with the memorial medal issued in honor of the city's liberation from the fascists and called this a "symbolic gesture" on the eve of the elections to the European Parliament.

What kind of body is this which on the one hand is designed to personify "European unity" and, on the other, is not that close to those whom it is intended to unite?

A Europe of Gestures and Speeches

The European Parliament or, more precisely, Assembly records its history as of 1951, when in Paris six countries signed the treaty on the creation of the European Coal and Steel Union (ECSU). Among the leading bodies of the union a general assembly was created also. The administrative structures of the European Economic Community (EEC) and the European Atomic Energy Community (Euratom), which were established by the 1957 treaties of Rome, also incorporated an assembly, which, according to a convention signed simultaneously with the treaties, became uniform for the three communities. The ECSU, EEC and Euratom came to be called the European Community or simply the Community.

In 1958 the Assembly was renamed the European Parliamentary Assembly and in 1962 the European Parliament. This step of the Assembly testified to its desire to play a part in the Community comparable to that of the parliament in a state. But there is a considerable distance between wish and reality. The legislative functions in this exclusive integration grouping, which serves the interests of the big monopolies, belong to the Council of Ministers of the Community, which meets most often at member-country foreign minister level (sometimes at the level of leaders of other ministers), while the executive functions belong to the European Communities Commission (ECC), which is appointed by the governments of the Common Market states.

As far as the European Parliament is concerned, it is basically a consultative body, more fitting for which is the original meaning of the French word "parlement"--a place to discuss and debate. In olden days the French Parlement, not confining itself to taking note of new government measures, frequently drew the king's attention to shortcomings and flaws noticed in the ordinances, made submissions to the monarch in connection with new edicts and in time began to hence deduce its right to monitor the activity of the government and approve its injunctions or reject them. The Europarlament today also is taking roughly the same path.

The results of its progress are broad rather than deep. Each month the European Parliament produces such a quantity of every conceivable kind of document that, in the colorful comparison of the London SUNDAY TIMES, if heaped into a pile, they would be 28 times higher than Nelson's column. What does it deal with, given such an extensive (high?) scale? "Everything in succession, without any order," D. Curry, British Conservative and chairman of the Europarlament's Agriculture Committee, replies. "It would be perfectly possible to operate by using only 10 percent of the paper we consume.... The agenda is vague. We are losing time to no avail. This is a Europe of gestures and speeches."

If this is an exaggeration, it is not so much so. Opening the penultimate session before the elections, P. Dankert, chairman of the European Parliament, read out the agenda, which included discussion of 61 papers: from the organization of the mutton market and the ruinous impact of pesticides through questions of the budget and the situation in Zimbabwe. In addition, the Europarlament had to express its opinion on the minimum price for peas and horse bean.

This situation is not much to the liking of the champions of the "European idea". "We were elected members of parliament not to determine the size of the mesh of fishing nets," the French member J. Israel complains. But what can be done! The evolved status of the Europarlament is such that if this body examines secondary issues, it is showered with ridicule; if, on the other hand, it discusses serious problems, it is recommended that it not interfere in what is not its business.

The Europarlament Secretariat is located in Luxembourg and has almost 3,000 employees, of whom more than 1,000 are translators. The sessions of the parliamentary committees and policy groups are held in Brussels, as a rule,

while the plenary sessions are held in Strasbourg. Previously one-third of the sessions were conducted in Luxembourg, but the members, as the West German DPA put it, not without irony, "tired of the costly traveling circus" and passed a resolution which proposed sitting only in Strasbourg and reorganizing the work of the Secretariat and the technical services such as to avoid the constant toing and froing of personnel. The Grand Duchy of Luxembourg, in order to protect the interests of its subjects, appealed to the European Court for the resolution to be ruled invalid. Without delay, the same day, the members voted for the extraordinary session to be transferred from Luxembourg to Brussels (the hall in Strasbourg was occupied by the Council of Europe). Thus the Europarlament "punished" the Grand Duchy.

The population of the Community hardly experienced a lessening of the financial burden from all these perturbations. P. Dankert once bitterly remarked: "People should realize that we spend less than 1 percent of Community expenditure and cost the Europeans only 46 pence a year per person." This is possibly so, the British journalist B. Moynihan agrees. But this constitutes annually more than 115 million pounds sterling, which would suffice to send 36 Europarlamentarians on a week's trip to Colombia, and 1,700 could take rest and recuperation leave on Mallorca.

Political Test

In 1979 the Europarlament was given a certain democratic luster: the system of the appointment of its members by the national parliaments which had been in existence previously was replaced by direct elections. It was proposed introducing in all the Community countries a uniform electoral procedure and also establishing certain rules of proportional representation. The corresponding bills were approved by the Europarlament in 1976 and 1982. However, the Community's Council of Ministers failed to ratify these decisions. As a result the second direct elections to the Europarlament, which were held in June of this year, were not "European"; each country conducted them in its own way. On the eve of the elections the members of the European Parliament discussed the question: at the elections should not one of the 434 seats remain vacant as a symbol of readiness to accept new members into the Community? The argument was conducted most seriously in... a half-empty hall. But the elections began, and the electoral districts proved empty, and to a considerably greater extent, furthermore, than the "little Europe" supporters would have liked. Some 43 percent of the electorate did not show up to vote in France, 47 percent in Denmark (the only country where activity was greater than in 1979), 49.5 percent in the Netherlands and 70 percent in Great Britain, which set an absolute record. Remaining aloof from the elections en masse, the population of the states of the Ten distinctly demonstrated that it has no interest or trust either in the Community as a whole or such a highly distinctive institution thereof as the European Parliament.

Not so much questions of "European building" as local, domestic policy problems were in the forefront of the election struggle almost universally. An exception--and then with reservations--was Denmark, where the elections were primarily a test of strength between supporters and opponents of the country's membership of the Common Market (the People's Movement for Denmark Out of the EEC gained a

relative majority). The orientation mainly toward domestic problems imparted to the elections the nature of a kind of political test in the course of which the electorate had an opportunity to express its attitude toward the policy being pursued by the ruling parties and also the program slogans of the opposition parties.

What were the results of the elections?

The socialist faction--the most numerous in the Europarlament--consolidated its position, gaining eight seats compared with the previous elections. This was largely the result of the success of the Labor Party members, who almost doubled their number of seats. Their tactics, which were built on sharp criticism of the domestic and foreign policy of the Conservatives, which had split the country into two camps, were simply "doomed" to victory. The election campaign of the Pan-Hellenic Socialist Movement (PASOK) also proved successful. It was the only ruling party in the Community countries which retained its positions. This was testimony to the electorate's broad support for the policy of social and political transformations of Greek society being pursued by PASOK.

The second faction in terms of numbers--the Christian Democrats--lost eight seats. This result was natural: in all the states where the clerical parties incurred losses at the elections to the Europarlament they head government coalitions (Belgium, the Netherlands, the FRG) or are a part of such (Italy) and thereby bear responsibility for the policy of the offensive against the interests of the working people within the country and complicity in the United States' militarist policy in the international arena.

The "European democrats" faction, which consists of British and Danish Conservatives, was also reduced considerably. The crushing defeat of the Tories, whose votes were captured by Labor, was retribution for the sharp rise in unemployment, the cutback in social programs and the following of the lead of Washington's policy.

The fourth faction in terms of numbers remain the communists, incorporating members from Denmark, Greece, Italy and France. The elections were marked by the big success of the Italian Communist Party (PCI): in terms of the number of votes it received it overtook its main rivals--the Christian Democrats--for the first time and became the relative majority party in the country. This is convincing testimony to the growth of the influence and authority of the PCI, which is the most active and consistent force in the defense of peace and the working people's interests.

The breakthrough to the Assembly of neo-Nazi organizations--the French National Front and the Italian Social Movement-National Forces of the Right--which surmounted the 5-percent hurdle necessary for entry to the Europarlament, was regarded as a sensation by the West European press. However, there is nothing unexpected in the neo-Nazis' progress. Historical experience teaches that conditions of crisis and social instability create a nutrient medium for a resuscitation of extremism. The appearance in the Europarlament of an ultraright faction is a logical consequence of such phenomena as the growth of unemployment, terrorism and uncertainty in the future. Furthermore, according

to LE MONDE, Le Pen, leader of the National Front, took advantage of the removal of the bans on Nazi activity and propaganda established following France's liberation from fascism, the gradually receding memory of the war, the persistent attempts to render that which was connected with fascism banal and, finally, the neoliberal criticism of the social gains of the French people.

But even with regard for all this the election results had a bombshell effect in France. The number of votes cast for Le Pen, the newspaper LIBERATION observed, exceeded the boldest forecasts of his supporters. Not confident of the results of the voting, the National Front leader had taken out advance insurance against forfeiting the right to government reimbursement of election expenditure, which is granted to candidates who have garnered less than 5 percent of the vote (insurance saves those who do not manage to reach this mark from, possibly, many years of debt).

The "European Greens," who have 11 seats, became a new group in the Europarlament. The Greens scored a particularly big success in the FRG, where they took a substantial proportion of votes away from the Social Democrats and also the CDU/CSU and FDP ruling party bloc. The latter, incidentally, having failed to achieve 5 percent of the vote, remained outside of the Europarlament.

The Greens' progress underlines the trend which was discerned several years ago and which was manifested distinctly at the Bundestag elections in 1983: the departure of a substantial proportion of the electorate from the leading political parties responsible for the present difficulties being experienced by the country and a turn toward groups and movements which offer an alternative to the policy of state-monopoly capitalism.

The Greens advance the slogan: counterpose a peaceful "Europe of regions" to the "Europe of bureaucrats and bombs". They demand the adoption of immediate disarmament measures, including unilateral steps in this direction, and also the disbandment of military blocs and speak of the need for the introduction of a new public form of ownership of land, the means of production and the banks. A large place in the Greens' program is occupied by questions of the ecology. They are opposed to a broadening of the powers of the Europarlament, seeing this as an attempt to convert the Community into some "superstate".

The independents form a special group in the Assembly. They include, inter alia, representatives of the People's Movement for Denmark Out of the EEC, who not only held their seats but even gained the seat which had been held by the member for Greenland; it will pass to them following this self-administered Danish territory's departure from the Community on 1 January 1985. Commenting on the results of the elections, Danish Foreign Minister U. Ellemann-Jensen, complained: "It will be difficult to explain abroad why the People's Movement for Denmark Out of the EEC has such a large number of seats in the Europarlament." However, there is no need to go far for an explanation. It is sufficient to turn to the results of a public opinion poll: whereas in 1972 in the course of a referendum on the question of Denmark's entry into the EEC 57 percent of the population were in favor of the country's participation and 34 percent against, not long before the elections the picture was directly the opposite: 33 percent of those polled were in favor of membership of the Community, 59 percent against.

The elections to the Europarlament led to the increased polarization of political forces in the Assembly. Inasmuch as the European progressive democrat faction (Gaullists and allies) had increased by roughly as much as liberal democrat representation had declined, the conservative, liberal and Christian Democratic parties, despite certain losses, retained a joint majority. And if the extreme right are considered, the forces of the left in the European Parliament are obviously faced with a difficult and stubborn struggle. As the elections showed, the focal point thereof will be not questions of "European building" representing to the ordinary voter something abstract and unattractive but the perfectly real problems with which the Community has for many years been attempting unsuccessfully to cope.

'Cinderella' of the European Community

"Social policy has for too long been in the position of the Cinderella of European Community policy." These words of the British economist M. (Shenks), former director general of the ECC Social Problems Department, which he uttered several years ago, retain their freshness of simile in full now also. Perhaps the most notable thing which really "unites" the countries of the Community today is unemployment and the lack of prescriptions for combating it. According to data of the Community's statistical service, Eurostat, on the eve of the elections to the Europarlament the number of unemployed was over 12 million, which constitutes approximately 11 percent of the able-bodied population. According to estimates of experts of the European Parliament, a further 3 million persons almost will be added to them in the next 2 years. But even this is far from the complete picture: the current statistical accounting understates the true dimensions of unemployment.

First, even in its most general problem the Community has not overcome national distinctions. Let us take, for example, the period of the search for a new job upon expiration of which the job-seeker is registered as unemployed. The FRG, for example, puts in this category those who have spent no less than 20 hours a week looking for a new job, France 30 hours and Luxembourg 40 hours. Second, the registration procedure extends to only some of the immigrants who have lost their jobs, yet it is they for whom it is most difficult to find new work. Third, many women do not register as unemployed for a long time after dismissal, believing that this will merely make it more difficult for them to find new work.

The level of unemployment is particularly high among the youth, who constitute approximately 40 percent of the Community's "superfluous people". Many young people have found themselves in line at job centers before having started work even.

The huge and steady unemployment is threatening a fundamental principle of the Common Market--the free movement of manpower. Contradictions between the national economies amalgamated in the EEC are focused particularly distinctively here. Emigration from such countries as Holland or the FRG, which were long considered the most "thriving" members of the Community, but which are now setting records in the growth of unemployment, is increasing pressure on the labor markets of the states whose economic position is preferable. What "unity" is this!

Problems of the participation in elections of foreign workers temporarily residing in the countries of the Ten and also of immigrants from states of the Community have yet to be settled. A proposal of the European Parliament concerning elaboration of the European legal status of migrant workers was rejected in the past. The following facts testify to the attitude toward the organization of elections for this category of the population. In the Land of Baden-Wuerttemberg, for example, where approximately 54,000 Greek and 144,000 Italian workers with the right to vote live, only approximately 15,000 Greeks and 78,000 Italians were able to participate in the elections owing to their poor organization.

The constituent treaties of the Community proclaim that the Assembly consists of people's representatives of the states constituting the Common Market. But does participation in this exclusive integration grouping correspond to their peoples' interests? We would recall K. Marx's pronouncement: "For peoples to be able to truly unite they must have common interests. For their interests to be common the existing ownership relations must be done away with...." Until this happens, the idea of "European unity" will be supported only by the powers that be, which are attempting to defend the existing ownership relations with the help of the European Parliament and other Community institutions.

Based on the free market philosophy, the notions that the removal of obstacles holding back the free movement of goods, manpower and capital will in itself ensure the "social optimum," the constituent treaties do not contain a legal basis for the pursuit of an active social policy. Although as a result of the persistent demands and struggle of the working people a clause pointing to the need for the "harmonization" of living and work conditions and social security systems was incorporated in the treaties, it was formulated in most general form in order to conceal the essence of the problem. The main content of "social harmonization," namely, equalization of the levels of manpower costs as a most important condition of "normal competition," is determined primarily by the class interests of the monopolies. For this reason the European Parliament deliberately defined it nebulously as a "policy aimed at the removal of unwarranted distortions in order to improve the working people's living conditions and standardize, as far as possible, the social order."

Of course, the European Parliament discusses the Community's social problems and once assembled even for a special session on unemployment. But resolutions and appeals do not change the situation. Cinderella remains Cinderella. And in the present political manifestos for the elections to the Europarlament the same demands for ensuring employment and an improvement in work conditions have been put forward as years ago.

'It Is Time To Do Away With Illusions...'

The European Parliament held its second elections in a year when the antimissile and antiwar movement in West Europe assumed particularly extensive proportions. Questions of the European continent's future moved to the forefront of the election struggle. How did it appear from Strasbourg on the eve of the elections?

G. Jaquet, a deputy chairman of the European Parliament, sharply assailed the proposals on affording the FRG access to nuclear weapons. "If the FRG joins the West European nuclear defense system, this will bring about a new stage of the cold war," he said. E. Klepsch, another deputy chairman, recommended that the new parliament "pursue an independent security policy," not in the least embarrassed by the fact that defense questions are by no means within the competence of the Europarlament. At the "For Peace and Disarmament" European meeting in Strasbourg F. Glorioso, member of the European Parliament, observing that the majority of the population is opposed to the deployment of Pershing 2's and cruise missiles and supports agreement being reached on a freeze on and reduction in nuclear arsenals, declared the need for the French and British missiles to be considered in the overall balance of forces. At the same time O. Habsburg, a descendant of the unfortunately celebrated imperial family and a member of the Europarlament, called for unconditional support for Washington's plans.

The members each voiced their own opinion, but what is the European Parliament's official position? During the Europarlament's discussion of the "missile" question the Assembly's rightwing majority, ignoring the clearly expressed will of the West European peoples opposed to the dangerous "rearmament" plans, won the adoption of a resolution approving the deployment of the "Euromissiles".

This decision is fully in accordance with the position occupied by the Europarlament in respect of NATO. One of its reports says perfectly candidly: "there is no reason to deny that there was cooperation between NATO and the Community in the period of preparation of the Helsinki conference. ...We must do away with the false notion of the exclusiveness of these organizations and the absence between them. The European Parliament should invite NATO's top leaders to take part in the work of its Policy Committee."

At last year's January session the Europarlament recommended that members of the Community effect closer cooperation with NATO. The resolution it adopted proposed "better coordination of consultations, which will be held within the framework of European political cooperation and the Council of the North Atlantic alliance." It talks plainly about the establishment of direct ties between the Community and NATO.

The constituent treaties of the Community do not contain articles concerning military cooperation. Having raised the question of the development of ties to NATO, the Europarlament is consciously moving toward an expanded interpretation of the content and meaning of the treaties. This, furthermore, testifies to a flagrant lack of respect for the neutral status of a Community member--Ireland. Recently the Europarlament went even further, drawing up a plan for the creation of a Union of Europe based on the political and military-strategic cooperation of the Ten.

The question of joint programs of arms production and supplies also has been raised repeatedly in the Europarlament. The supporters of the military integration of a "little Europe" circumvent the formal restrictions by an unstable dodge: they include this question on the agenda not as a military question but as one concerning industrial development.

Washington manifestly stands behind the assertiveness of the pro-Atlantic elements in the European Parliament. The parliament itself does not hide this, incidentally. At this year's April session it adopted a document on the mutual relations of the Community and the United States. "The United States has defended and preserved Europeans' freedom," the report asserts. It is extremely guarded in its acknowledgement of the existence of a crisis in the United States' present-day relations with the Community and between NATO members. The cause is hinted at: Washington, it is said, is dissatisfied that the United States is spending considerably more than its partners for military purposes. And a way out is plainly suggested: "the West European states must take the first step in determining a new European security policy which... will be based on their own military strength."

True, it was impossible for the report to bypass in silence the fact that the increased American military presence in West European countries in recent years has led to a growth of anti-American sentiments "inasmuch as citizens of the West European states are increasingly inclined to the opinion that it is these efforts of the United States which represent the greatest danger for the continent." But the members of the European Parliament are optimistic. The present discord between the United States and West Europe, they say, will necessarily be overcome by virtue of "firm, fundamental, common and closely interwoven interests." It is primarily the "common and closely interwoven interests" of the Community and NATO which show through here.

Such interweaving is opposed by the forces of the left in the Europarlament. In the FRG the Greens Party, in concordance with the British grouping opposed to the deployment of cruise missiles at Greenham Common, issued an appeal for a 10-day women's protest strike in September. On the day of the elections to the European Parliament the FRG peace movement conducted a poll of citizens in electoral districts throughout the country on their attitude toward the deployment of American first-strike nuclear missiles. The police banned the polls in 10 locations. In Marburg the poll center was attacked by the ultraright. But, nonetheless, 87 percent of those who took part in the plebiscite--over 5 million persons--put in specially prepared voting papers on which was written: "Rejecting the deployment of Pershing 2's and cruise missiles, I call on the federal government to take steps to remove from the country the nuclear weapons which have already been deployed."

Dustcover Unity

Set in the lilac-colored covers of the passport which it is proposed issuing to citizens of countries of the Community in November 1984 is a plastic-covered page with a coded strip of electronic-optical instrument readouts. Police services will need just 2 seconds to obtain all information about the owner of the passport, including his attitude toward religion, political views and intimate habits. It is far more difficult to decipher the code inscribed on today's page of the Community's history by the results of the elections to the Europarlament. This explains the motley nature of the opinions of political observers who are attempting to predict the future of the Common Market

"The pleasant sensation has now arisen in veterans of the European idea that their youth has been restored," LE MONDE exclaims. On the EEC horizon... good familiar specters have emerged: Union of Europe, European defense... supranationality. All forms have, to a man, appeared anew."

But we cannot fail to see what is behind these specters of unity. For example, Denmark is opposed to political integration. Endeavoring to record its position legislatively, the Danish Parliament--the Folketing--passed a majority resolution rejecting the plan for the creation of a Union of Europe. Ireland is displaying concern in connection with the fact that the question of military cooperation which are being raised regularly in the Community violate its neutral status. Greece, which has begun to find its own voice in the international arena, is not succumbing to the supranational cries from the headquarters of the Ten.

As public opinion polls show, citizens of the Ten put their own problems above European problems. "National egotisms" are displayed in the volleys of the "fish" and "steel" wars and the constant financial disputes. Evidently, the Community is even further from unity now than before.

The special feature of the plastic-covered page of the new European passport is that it is difficult to forge. If the page's plastic cover is cut, the journal SCIENCE ET VIE reports, it immediately darkens as a consequence of the reaction of a special substance with oxygen. It is difficult to pass off black for white in the present-day reality of the Community also. Instead of a unity anthem there is an intensification of interimperialist contradictions.

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WESTERN SUMMIT IN LONDON CRITICIZED

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[Article by D. Smyslov: "The 'Political Show' in London"]

[Text] The 10th meeting of heads of state and government of the seven leading capitalist countries was held this June in the capital of Great Britain. Western observers who covered it concluded that it ended practically without results. The participants in the London meeting proved incapable of advancing any new constructive ideas consonant to this extent or the other with urgent requirements of the modern world. According to the French LE MATIN, "as was to have been expected, the mountain ultimately gave birth to a mouse."

Two processes served as the economic basis of the emergence of the institution of top-level meetings of the leading capitalist countries: the increased internationalization of production and capital on the one hand and the appreciable change in the 1950's-1960's in the correlation of forces in the Western world to the detriment of the United States and, correspondingly, to the benefit of the West European states and, particularly, Japan and the formation of three imperialist "power centers" on the other. As a result the idea emerged in the West concerning the need for the replacement of American leadership by so-called "trilateral partnership". It was assumed that the annual meetings of leaders of the countries forming the three poles of the contemporary capitalist world would coordinate their joint economic strategy.* In reality, however, West Europe and Japan sought to enhance the degree of their influence on the formation of the international economic mechanism and limit Washington's arbitrariness.

Washington, on the other hand, began to use such meetings to achieve the aggressive military-political designs which it concocts. This trend developed particularly intensively following the assumption of office of the R. Reagan administration in 1980.

* For more detail on the place and role of meetings of the Seven in the mechanism of interstate economic regulation in the West see MEMO No 7, 1984, pp 20-33.

Recent years have been marked by a sharp stimulation of Japan's participation in the formulation of the general economic and political aims of the arbiters of the fate of the capitalist world. During an in-flight press conference en route to London Japanese Prime Minister Y. Nakasone declared that he intended speaking on behalf of the "sole Asian economic superpower". The policy of Tokyo's bloc-forming with Washington is being manifested increasingly here. Thus a day before the start of the London conference there was a meeting between Y. Nakasone and R. Reagan, at which they agreed to coordinate actions on a number of problems.

Under the cover of splendid phrases about "constructive international cooperation" the discussions and joint decisions of the "captains" of the Western world are directed to an increasingly great extent toward undermining the economic and political positions of the socialist community, counteracting the further extension of the national liberation movement and suppressing the increasing anti-imperialist struggle in the citadels of the capitalist world. Essentially the global class counterrevolutionary strategy of world imperialism crystallizes out at meetings of the Seven.

Rhetoric Fraught With a Threat to Peace

The Big Seven meeting in London was held in a period of the acute exacerbation of international tension brought about by the attempts of the Reagan administration to upset the approximate military-strategic balance which currently exists between the USSR and the United States and the Warsaw Pact and NATO by way of the creation of the latest first-strike systems. By beginning deployment of intermediate-range Pershing 2's and cruise missiles in a number of West European countries, U.S. ruling circles broke up the Geneva negotiations on limiting and reducing nuclear arms in Europe and also strategic arms. They are taking actual steps toward an acceleration of a qualitatively new spiraling of the arms race--its transfer to outer space.

On the eve of the London meeting many pronouncements were heard on both sides of the Atlantic about a desire to improve relations with the socialist countries. It might have been supposed with regard for this that the leaders of the capitalist world assembled in the British capital would have attempted to come to an agreement concerning some measures aimed at lessening the threat of mutual annihilation hanging over the world. Nothing of the sort occurred.

True, the "Declaration on East-West Relations and Arms Control" adopted at the conference was sustained on this occasion in a demonstratively "peace-loving" spirit compared with the policy declaration issued at last year's Williamsburg meeting. However, the pseudo-peace-loving rhetoric of the leading figures of the main capitalist countries was not accompanied by any specific proposals testifying to their intention to really put an end to the dangerous nuclear arms race.

Studying the results of the London conference, K.U. Chernenko pointed out in his replies to questions from PRAVDA published on 14 June 1984: "...The participants in the meeting of the Seven rubber-stamped principles contrary to the interests of detente, disarmament and peace.... The reality, however, is that the policy of missile deployment remains unshakable, which the U.S. Administration has declared repeatedly."

What in this case are the reasons for such an abrupt change in tone of the declaration of the United States and its partners addressed to the socialist countries? The main thing here is that, having encountered the emphatic rebuff of the peoples of the West European countries of the plans for turning West Europe into a launch pad for new American nuclear missiles in order to achieve NATO superiority over the Warsaw Pact states, the United States and its allies are attempting to conceal in every way possible their efforts aimed at realization of these plans. The upcoming presidential election in November 1984 is also playing an important part. Thus upon verification it transpires that power nuclear blackmail methods remain the alpha and omega of the West's policy with respect to the socialist world.

This does not mean, of course, an absence of contradictions between countries of the Seven on political and military issues. They were discussed at the London meeting in an atmosphere of acute disagreement. According to Western press reports, R. Reagan and his "team" at first attempted to impart a tougher tone to the policy statement. They wished to make the Soviet Union "responsible" for the exacerbation of international tension and the suspension of the Geneva nuclear arms limitation talks. However, they did not succeed in gaining support on the part of their West European partners, who are forced to reckon with the powerful antiwar movement which has spread in these countries.

An endeavor of the leaders of the Seven to gloss over the differences which exist between them and demonstrate the notorious "unity" of the Western world was realized in their adoption of another policy document--the so-called "Declaration of Democratic Values and Ideals". It is devoted to an unrestrained exaltation of the capitalist system of "personal initiative" and "private enterprise" and contains the standard set of hackneyed stereotypes of bourgeois propaganda.

The Economy: Impasses of Contradictions

The London conference was held under the conditions of the complex and unstable state of the economy of the capitalist world. Whereas since 1983 a cyclical recovery of economic conditions has been observed in the United States, the economy of the West European countries continues virtually at a standstill. The number of unemployed in the Common Market countries has approached 13 million, which constitutes over 11 percent of the able-bodied population of these states. And even in the United States the prospects of the recovery growing into a stable industrial upturn remain highly problematical, if not to say dubious.

Corporation investments in fixed capital, which usually serve as the mainspring of the emergence from a crisis and a production upturn, are currently being held back in the United States by the interest rates, which remain inordinately high and which have been rising anew since August 1983. The high level of interest is, in turn, bringing about a sharp expansion of demand for loan capital on the part of the state, which is endeavoring with the aid of this capital to cover a federal budget deficit close to \$200 billion.* The huge budget deficits are caused by the sharp escalation of military spending as a consequence of the arms race being developed by the Reagan administration.

* See "Economic Report of the President," Washington, 1984, pp 304-305.

The decisions of the participants in the London conference on questions of economic policy are set forth in their concerted economic declaration. This document was quite eloquent reflection of the uncertainty of the leaders of the Seven concerning the state and prospects of the West's economy. The authors of the declaration were forced to acknowledge that the level of unemployment in the countries they represent is, as before, high and that the inflationary process in the West is to continuing to develop. "If the high interest rates are maintained and a further reduction in the level of inflation is not achieved and also inflationary expectations dispelled, this could jeopardize the recovery of economic activity," the participants in the meeting stated with concern.*

Of course, the declaration contains many general arguments concerning the need "to consolidate the basis for sustained economic growth and the creation of new jobs," "to strengthen the policy of combating inflation" and such. However, international commentators rightly evaluated these statements merely as pious intentions whose realization is not underpinned by any practical steps. It is sufficient to say that the document does not say a word about the arms race, which is the main source of the growing difficulties of the capitalist economy.

The economic declaration of the London meeting, like the final communiques of the other meetings of the Seven in the 1980's, is characterized by a tilt toward neoconservative concepts which defend the need for a reduction in or, at least, a limitation of the economic functions of the state. Thus the declaration contains the demand that "state spending be limited to the ceilings permitted by the national economies of our (that is, represented at the meeting--D.S.). countries"; and also a promise to strengthen the policy of "controlling the growth of the money supply." According to the West German newspaper FRANKFURTER RUNDSCHAU, "the London meeting became a general panegyric of conservative economic policy."

In practice this can mean only a further reduction in government spending on social needs, a tightening of credit restrictions and a wage freeze, in other words, new burdens for the broad masses of working people. But this path, which is ultimately capable of leading only to an even greater polarization of poverty and wealth in the capitalist world, is fraught with further crisis eruptions in the economy of Western countries. "It would be nothing sensational," the British FINANCIAL TIMES wrote in this connection, "if at the conclusion of the London summit predictions emerge of a new slowing of the economic growth rate, which will most likely begin next year." The chief forecaster of the well-known American consultants Data Resources, R. Brinner, concludes: "There is a growing danger that an industrial recession will have started by the end of 1985."**

The discussion at the conference on all international economic problems revealed serious disagreements between the participants. Describing the present

* The text of the "economic declaration" here and subsequently it quoted from IMF SURVEY, 18 June 1984, pp 188-190.

** U.S. NEWS AND WORLD REPORT, 2 July 1984, p 20.

situation in the capitalist world, K.U. Chernenko observed: "...Putting concentrated pressure on its partners, Washington is attempting to solve its economic problems and difficulties at the expense of others. Japan's trade-economic expansion is taking its toll also. In a word, the mass of interimperialist contradictions is being drawn ever tighter, and in one way or another they will spill out into the open."

Throughout the period preceding the London meeting there was no shortage of statements by the leaders of the main West European countries containing sharp criticism of Washington. Here are some of them. British Prime Minister M. Thatcher: "The United States' huge budget deficits are keeping interest rates high, which is exceptionally damaging to our country and other European countries." French President F. Mitterrand: "The United States is indeed waging something akin to a trade war, whose consequences are being reflected very seriously in Europe.... We cannot be content merely with lamentation, complaints or simply statements, it is necessary to organize ourselves and to act." FRG Chancellor H. Kohl: "In contrast to other countries, no convincing consolidated plan has been put forward within the framework of U.S. budget policy, although it is precisely this that is required by the extraordinary level of the federal budget deficit."

The sharpest disputes at the London conference developed around the problem of the inordinate U.S. federal budget deficit and the unduly high level of interest rates on the American money market connected with it. The possibility of increasing the yield of cash deposits in American banks has brought about a transfer of huge amounts of capital to the United States from the other leading capitalist countries. In the period 1981-1983 these banks moved foreign monetary resources totaling \$157.7 billion. The total amount, however, of the influx of private capital to the United States from abroad, including direct and portfolio investments and also unaccounted transactions, in the same period amounted to \$309.6 billion and, together with federal investments, to \$324.2 billion.*

The concentrated transfer of foreign capital to the United States is increasing the monetary funds from which American corporations may draw resources for their investment activity. These resources are also being used by Washington to finance the federal budget deficit. At the same time, however, the "draining" of the money markets in the West European countries and the increased cost of credit are additionally limiting the possibilities of making capital investments, which, in turn, is increasing economic disorders and contributing to increased unemployment. The huge inflow of capital from abroad has brought about a sharp, economically unjustified rise in the dollar's exchange rate in relation to the West European currencies. For West Europe this increased considerably the cost of imported commodities, primarily raw material and energy carriers.** "Reagan is collecting a real military tax from the West European peoples with impunity," the French newspaper L'HUMANITE wrote in this connection, "and this is possible only because no steps are being taken against Washington."

* Estimated from SURVEY OF CURRENT BUSINESS, June 1983, pp 38-39; March 1984, p 49.

** The consequences of the rise in interest rates and the transfer of capital to the United States are set forth in more detail in MEMO No 7, 1983, pp 50-53.

Despite the pressure which was exerted, Reagan categorically refused to give any definite assurances concerning a reduction in the U.S. budget deficit and the adoption of measures to lower interest rates. Ultimately an evasive and completely nonbinding paragraph was inserted in the declaration concerning the participants' intention to continue to pursue and, if necessary, intensify the policy of lowering interest rates, and it was also contemplated striving where necessary, for a reduction in budget deficits.

Evaluating the results of the London meeting, the West German DPA observed: "The final statement... contains no assurances or accords on a liquidation of the extraordinarily large U.S. budget deficit, which, the majority of the participants believes, is the cause of the growing discount rates." Furthermore, 3 weeks had not elapsed since the meeting before the leading U.S. banks announced the latest--the fourth since this March--increase in interest rates (from 12.5 to 13 percent).

In the wake of this there followed a new sharp spurt in the dollar's exchange rate in relation to the main Western currencies. The direct reason for this was President R. Reagan's statement that he did not intend taking any steps to lower the American discount rates. At the start of the third week in July the dollar's exchange rate had reached sensational new levels: \$1.2975 for 1 pound sterling, Fr8.73 for \$1, 74.9 U.S. cents for 1 Canadian dollar (all three being records) and DM2.84 for \$1 (the highest exchange rate in the past 10 years). "The record new exchange rate of the American dollar is a disturbing symptom for our country's economy," the West German newspaper WESTPHÄLISCHE RUNDSCHAU pointed out. "Across the Atlantic discount rates are rising rapidly, attracting West German capital, which is being used to close up the giant gaps in the U.S. budget."

No appreciable progress was made at the London conference in the solution of the question raised by French President F. Mitterrand at the Williamsburg meeting concerning further reform of the international currency-finance system and the holding of a "new Bretton Woods conference". The final communique contains merely a request that the finance ministers of the Seven "continue their present work to determine methods of an improvement in the operation of the international currency system."

The representatives of the West European countries, in turn, blocked the adoption of measures in the sphere of international trade which Washington and Tokyo had sought. The latter, endeavoring to facilitate their commodities' penetration of the West European markets, demanded an acceleration of the "liberalization" of international trade. In particular, they insisted on holding a new round of international trade negotiations within the GATT framework in 1986. This elicited a sharp objection from France and other West European countries, which declined to include a precise date for these negotiations in the final statement. As a result the authors of the declaration confined themselves to the abstract appeal "to resist continuing protectionist pressure, lower the barriers in the way of trade and exert new efforts for a liberalization and expansion of international trade." "The attempts to cope with the ominous trend toward protectionism, which is impoverishing states of the third world and complicating the progress of the industrially developed countries, ended in failure." the British SUNDAY TIMES wrote in this connection.

Gamble on Neocolonialism

An important singularity of the present world situation is the sharp exacerbation of the economic and financial difficulties of the developing countries caused by the continuing unequal, dependent position of many of them in the world capitalist economic system.

The young national states' foreign debt is currently, according to an IMF estimate, in excess of \$800 billion.* Latin American countries, the sum total of whose debt has reached \$350 billion, have found themselves in a particularly catastrophic position. As a result, as the Indian newspaper THE NATIONAL HERALD observed, since 1980 the developing countries have had annually to pay off their foreign debt and the interest thereon in an amount greater than the influx of financial resources from outside in the form of new loans. In 1983 this excess reached \$11 billion. This development of events led to 26 young national states requesting a rescheduling of their foreign debts in 1983, while by mid-1984 their number had increased by a further 30.

A large share of the responsibility for the disastrous situation of the developing countries lies directly with Washington. According to the calculations of Western experts, upon each percentage rise in interest rates in the United States these countries' foreign debt, which is based for the most part on a floating interest rate, automatically increases because of the increased amount of interest payments by almost \$4 billion.

On the eve of the top-level London meeting the presidents of seven Latin American states--Argentina, Brazil, Venezuela, Colombia, Mexico, Peru and Ecuador--appealed to the leaders of the Big Seven to prevent a financial catastrophe for the developing countries, of Latin America particularly. Indian Prime Minister I. Gandhi delivered a similar appeal on behalf of the nonaligned movement. How did the heads of state and government of the leading capitalist powers who traveled to London respond to this?

The economic declaration contains many loud statements concerning understanding of the political and economic difficulties of the developing countries and also concerning "a readiness to organize mutual relations with them in a spirit of good will and cooperation." It is thickly larded with a variety of promises to these countries. However, despite all this, the declaration does not adduce a single concrete figure or cite a single practical step aimed at the fulfillment of such generous promises.

Analyzing the economic declaration, K.U. Chernenko observed in response to questions from PRAVDA: "Declarative statements of a general nature cannot conceal the fact that what is happening is the cruel exploitation by the industrially developed capitalist countries, primarily the United States, of the economically weak African, Asian and Latin American countries. To judge by everything, they intend to continue this policy."

* See U.S. NEWS AND WORLD REPORT, 2 July 1984, p 58.

There should be no surprise that the results of the London meeting gave rise to universal disappointment and condemnation in the developing world. Such statements were heard, in particular, at a meeting of foreign, economics and finance ministers of 11 Latin American states in Cartagena (Colombia), a conference of ASEAN foreign ministers in Jakarta and a conference at foreign minister level of the Organization for Regional Cooperation of South Asian Countries held on the Maldives. S. Alegrett, secretary general of the Latin American Economic System, observed that the decisions of the Seven pertaining to the developing countries are reminiscent of the language of colonial times.

In case any developing country attempts to resist the imperialist diktat a further declaration was adopted in London--on so-called "international terrorism". It contains a highly significant phrase concerning the Seven's concern "at the expanding participation of states and governments in acts of terrorism." Which states, one wonders? Not in the least embarrassed, Washington officials name them: Iraq, the DPRK, Nicaragua, Libya and Syria. They also put in the "terrorist" category such national liberation movements as the PLO, SWAPO and others.

The particular danger of an imperialist escapade concerning the struggle against "international terrorism" ensues from the fact that U.S. ruling circles are declaring their intention to inflict "preventive and punitive strikes" against the "international terrorists". It is this that is the essence of National Security Council Directive 138 which President R. Reagan signed recently.

As the Western press reported, secret arrangements were made at the conference concerning a "strengthening of cooperation and coordination" in the sphere of "combating terrorism". It was not fortuitous that shortly after it the White House organized in Washington a so-called "conference on international terrorism," in which representatives of the United States, a number of West European countries and also Japan, Australia and Israel participated. Addressing this gathering, U.S. Secretary of State G. Shultz accused a number of countries and organizations which are pursuing a policy not to Washington's liking of "striking at the most important moral values" of the West. He appealed to the United States' allies for "broad cooperation" for the adoption of "swift and reliable measures" against "terrorists".

Who has really adopted "state terrorism" as a method of foreign policy is the United States. This is attested as clearly as can be by its ruthless reprisals against the people of Grenada, the failed attempt to invade Lebanon and the organization of the "undeclared war" against Nicaragua. Now, availing itself of the protracted Iran-Iraq conflict, Washington is attempting to establish its military presence in the Persian Gulf region and turn some of the countries washed by its waters into military support bases in the Near East. The White House is attempting to drag its allies also into its military adventure.

The London meeting, L'HUMANITE observed, was characterized by a "paucity of proposals which might have corresponded to mankind's urgent requirements such as the problem of disarmament, employment and development." In turn, the West German FRANKFURTER ALLGEMEINE wrote: "The London meeting was an imposing political show calculated primarily to publicize its participants. The countries which organized it competed among themselves in self-publicity. The reason for

its convening--the state of the world economy and a solution of its problems--was relegated to the background." And this is the conclusion of Japan's TOKYO SHIMBUN: "Having adopted a series of pompous documents, the meeting of the Seven was unable to provide an answer to a single question troubling the world--whether ways out of the state of East-West tension or methods of solving the economic problems facing the United States, the Common Market and Japan."

In complete contrast to the London meeting was the economic conference of leaders of the CEMA countries which was held in Moscow a few days later. The contrast between them reflected the antagonism of the social, political and moral-ethical aspirations of the two world social systems. The Moscow conference signposted clear and precise ways of solving the most acute problems currently confronting mankind. The declaration which they adopted again showed that the socialist countries counterpose to the increased military threat, the source of which are the most reactionary imperialist circles headed by the United States, their alternative--a policy of easing international tension and the constructive businesslike cooperation of all countries. The leaders of the CEMA countries called on broad circles of the international community and all people of good will to unite their efforts for the sake of the preservation and consolidation of peace in the world.

The statement on the main directions of the further development and extension of the CEMA countries' economic and scientific-technical cooperation is an all-embracing program of an improvement in the fraternal countries' diverse ties. The truly equal and mutually profitable nature of these ties appears in particular relief against the background of the discord characterizing interstate economic mutual relations in the capitalist world.

The meeting of leaders of CEMA countries put forward a specific program of an improvement in international economic relations. The socialist states advocate a reorganization of these relations on a just and democratic basis. They are seeking the removal from them of any exploitation and discrimination and championing the need for the adoption of effective measures aimed at the impermissibility of the use of economic levers as political pressure and interference in sovereign states' internal affairs.

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ANALYSIS OF FACTORS INHIBITING THIRD WORLD DEVELOPMENT

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,
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[Article by M. Bezdudnyy: "Least Developed Countries--Problems of Overcoming Backwardness"]

[Text]

I

Differentiation on the periphery of world capitalism led to the formation of a group of so-called least developed countries, [LLDC's]¹ which are characterized by a tremendous concentration of poverty and backwardness with minimal intrinsic resources and possibilities for solving accumulated problems.

The general reasons for the backwardness of the emergent countries are, as is known, colonial enslavement in the past and imperialism's present neocolonialist policy. This policy is leading to a deepening of the gulf between the developed and developing countries, for which it will be even more difficult tomorrow than today. Furthermore, the socioeconomic backwardness of a number of states of the former colonial world is also being intensified by the operation of additional factors: the conservation of archaic social structures, a disadvantageous geographical location or unfavorable natural-climatic conditions and a lack or the limited nature of mineral reserves.

What are the criteria for the separation of the countries in question into an individual group? The UN Development Planning Committee takes three as a basis--the level of per capita GNP (no more than \$100 in 1968 constant prices), the proportion of processing industry in the GDP (less than 10 percent) and the level of literacy among the adult population (no more than 20 percent). The use of these criteria upon determination of least development is sufficiently substantiated, which is confirmed by empirical research.²

The insufficient level of development of the production forces of the poorest states is reflected by the world's lowest indicators of production volume per capita and unsatisfactory structural characteristics. This testifies to the inadequate economic potential of LLDC's, which practically precludes the possibility of their emerging through their own forces from the kind of vicious circle which has taken shape in their development.

What has been said is also confirmed by the dynamics of the lagging of LLDC's behind the remaining countries: in 1960 average per capita income in them (Table 1) constituted 45 percent of the corresponding indicator for the developing world as a whole and 30 percent in 1978, while in 1990, proceeding from the forecasts of UNCTAD experts, it is to decline to 25 percent, but in 1980-1981 even it was actually at the level of 24 percent.³

Table 1. Per Capita Gross Domestic Product in the Developing Countries
(\$, in 1978 Constant Prices)

| | <u>1960</u> | <u>1970</u> | <u>1978</u> | <u>1990* (forecasts)</u> |
|--------------------------|-------------|-------------|-------------|--------------------------|
| LLDC's | 177 | 192 | 201 | 219 |
| All developing countries | 395 | 536 | 661 | 931 |

* Given the 1960-1978 rate of increase in gross domestic product [GDP].

Source: UNCTAD Secretariat estimates; "Start of 10-Year Effort to Transform Economies of Least Developed Countries," United Nations, Paris, 1-14 September, 1981, p 3.

The specifics of the conditions of social reproduction in the countries of the group in question are characterized by several most essential features of the backward economy. They are primarily the predominance on a national economy scale of primitive, pre-industrial means of production. However, the main summary characteristic of the increasingly lagging lower echelon of the developing countries may be termed the unprecedented (even in the developing world) scantiness of the resource base given an extraordinary seriousness of socioeconomic problems. Whence the very heavy dependence on external sources of financing, without which it is practically impossible to transmit to the stagnant economy the necessary impulses and transfer its development to a qualitatively higher level and in the future renounce foreign assistance. The continuation or, on the contrary, the surmounting of the current profound backwardness of LLDC's will largely depend on the role of noneconomic factors. It is in the most backward states that traditional (sociocultural) factors make their presence felt particularly.

The food problem perhaps pertains to the most acute problems of the poorest countries today. It influences literally all aspects of their social development--from the state of the balance of payments to the stability of the regimes. Without a solution of the food problem achieving either a sufficient balance of the economy in coming decades or stable development on a national basis in the more distant future will be impossible.

An economic strategy here which is realistic and oriented toward long-term success here should evidently provide primarily for effective measures for the development of agriculture. Although the agrarian sector is predominant in the economy of these countries, production efficiency therein is staggeringly low. More than four-fifths of the gainfully employed population is employed in agriculture, creating up to one-half of the GDP in the LLDC's;

food and agricultural raw material provide for over one-half of export currency receipts. At the same time the agrarian sector is experiencing a slump, and almost one-fourth of the population is suffering from malnutrition. The following fact indicates the low technical level of the agriculture of the majority of the most backward countries: at the end of the 1970's the 30 countries which were at that time a part of this group accounted for only 3.3 percent of the total amount of fertilizer used in the emergent states and 18 percent of all cultivated areas.⁴ According to available estimates, given continuation of the present trends, LLDC grain imports could by 1990 have risen to 14-20 million tons (an average of 3.5 million tons at the end of the 1970's).⁵ The complexity of the situation is determined not only by the scantiness of financial-economic resources but also by the state's frequently insufficient attention to problems of agricultural development. At the same time, however, a cardinal reorganization of the agrarian sector proper is possible only on the basis of the comprehensive, balanced development of related sectors of industry and the creation of an infrastructure.

An exceptionally important role is performed by the social prerequisites of technical-economic changes in agriculture--the implementation of agrarian reforms and gradual expansion of the cooperative movement in order to make this process, as V.I. Lenin put it, "as simple, easy and accessible to the peasant as possible";⁶ comprehensive consideration of the country's traditions and national singularities; and active participation in and support (financial, material-technical, organizational and so forth) for transformations on the part of the state. The soundness of such a policy is convincingly confirmed by Laos' experience of socioeconomic development--in the course of 4 years following the proclamation of the Lao People's Democratic Republic in 1975 the country became self-sufficient in food products, primarily rice.

Of course, paramount attention to agriculture does not preclude the development of other sectors like, for examples, tourism or the recovery of mineral raw material. On the contrary, these sectors could in some countries of the group in question make a considerable contribution to a comprehensive solution of the food problem. An improvement in the education and health care systems also should undoubtedly be an inalienable part of such a strategy.

Problems of the development of the production forces in all underdeveloped states are generally similar. However, it is only in countries where a progressive leadership is in power that close attention is being paid to them.

II

The transformation of the backward socioeconomic structures in LLDC's requires huge financial resources. But the necessary increase in capital investments can ultimately be achieved only on the basis of a mobilization of intrinsic resources inasmuch as the inflow of capital from outside also depends on a gradual and, albeit in the distant future, possible growth of accumulations proper. The situation is complicated by the fact that the accumulation norm here has to be increased simultaneously with the solution of acute social problems. The low labor productivity characteristic of all LLDC's is also reflected in the savings norm indicator.

In the past two decades a growth in the capitalized proportion of the GDP from 11.4 percent on average in the 1960's to 15.2 percent at the end of the 1970's was observed in the poorest states. However, a most important component of this indicator--the internal accumulation (savings) norm--declined in the same period from 10.6 to 6.4 percent. In other words, capital investments increased predominantly thanks to an influx of resources from outside (the reverse trend predominates in the developing world as a whole). This situation cannot go on indefinitely. In addition, the accumulation norm here is appreciably lower than for the developing countries as a whole (of course, the question of increased accumulation in LLDC's where the consumption of the overwhelming mass of the population is close to a level providing merely for physical survival, should be approached extremely cautiously).

Calculation of the incremental or threshold capital-intensiveness factor (relation of the proportion of capital investments in the GDP to the rate of growth of the latter) shows that in the past 20 years the efficiency of accumulation in LLDC's has declined constantly. Furthermore, this trend, which is also discerned in many other developing states, is expressed the most distinctly in the poorest of them. There was a marked decline in the returns on capital in these countries on the eve and at the outset of the 1980's. Considering the existence of a vast subsistence economy, where incremental capital-intensiveness obviously constitutes less than one, it may be concluded that the efficiency of the investment process in the commodity-money sector of the economy of the states in question has fallen as far as it can go. For this reason the task of the more rational use of capital resources is moving to the forefront currently, although the long-term goal--an increase in the savings norm--is still on the agenda.

Given the present level of incremental capital-intensiveness, to achieve the GDP growth rate proposed for LLDC's by UN experts (6.2 percent in 1981-1985 and 7.2 percent in the second half of the decade⁷) they will have to allocate for accumulation no less than 25-30 percent of the GDP, which is completely unrealistic.

The sole major investor in the most backward countries, even in those developing along the capitalist path, is the state. Its revenues take shape basically from tax proceeds. However, the system of taxation which exists in many of these countries, together with the price-forming mechanism and wage policy, suffer from serious defects, and their social efficiency is extraordinarily low.

Such measures as a streamlining of taxation, the removal of certain archaic taxes, the introduction of greater differentiation of tax rates with regard for the income inequality which has actually taken shape, reorganization of the tax administration and so forth would undoubtedly contribute to the state's increased revenues and a stimulation of the accumulation process. These measures could also be an effective supplementary instrument in socioeconomic transformations. Credit methods of the mobilization of internal accumulations in LLDC's perform a subordinate role, although in this sphere also the state could achieve certain improvements. The creation of a ramified system of savings institutions, systematic explanatory work with the population for overcoming rooted behavioral stereotypes and the gradual ouster of usury, which is widespread here, would undoubtedly contribute to a change in the situation.

An increase in the accumulation norm and the efficiency of capital investments is an extremely complex process. An increase in accumulation should be backed by labor productivity growth, the more active reorganization of the traditional sector and, consequently, a possible growth of consumption. The latter is particularly important given the socioeconomic situation which exists in this group of countries.

On the eve and at the outset of the 1980's over half the capital investments of LLDC's on average were made thanks to external resources, whereas in 1960 savings still exceeded gross investments. This was connected with attempts to stimulate economic development inasmuch as LLDC's themselves are incapable of catering not only for expanded but sometimes even simple reproduction.

At the same time the role of external resources in the economic development of some of the poorest countries is dissimilar. In this connection this group of states may provisionally be broken down into four subgroups:

those financing thanks to external resources not only accumulation but, partially, consumption also (the Cape Verde islands, the Maldives, Chad);

those in which external resources cover a considerable proportion--over 90 percent in a number of cases--of capital investments (the majority of the LLDC's);

those financing the overwhelming proportion of capital investments thanks to their own resources (Afghanistan, Guinea, Malawi, Uganda); and

those exporting financial resources (Yemen Arab Republic), simultaneously obtaining foreign assistance and credit.

These countries' difficult economic situation is also reflected in the chronic imbalance of their foreign settlements. The average annual increase in the balance of payments deficit on current transactions in LLDC's in the 1970's constituted 27.2 percent, while the rate of growth of the GDP was 3.2 percent.⁸ This was connected not only with the limited possibilities of internal accumulation but also with the extreme weakness of the economy's export base, which could have compensated for the inadequate development of the producer goods. The situation is complicated by the fact that some of the foreign currency is spent on arms and the purchase of luxury items or is spent for prestige purposes. As a result these states' balance of trade deficit in the 1970's increased by an annual 34.9 percent on average.

The historically evolved production structure and the place of LLDC's in the system of the international capitalist division of labor are manifested in the nature of their foreign trade. The exports of this group of states are almost entirely of an agrarian-raw material structure, and industrial articles at the start of the 1980's accounted on average for roughly 18 percent--mainly thanks to some countries (primarily Bangladesh) producing one-two simple products (the relative significance of industrial items in the exports of all the developing countries is over 40 percent).⁹ There has been a marked decline in the past three decades in LLDC share of world trade: of exports from 1.5 percent in 1950 to 0.3 percent in 1980 and of imports from 1.3 to 0.7 percent respectively.¹⁰

The dynamics of prices on the world capitalist market in recent decades have been extremely unfavorable for the poorest countries. For this reason Tanzania, for example, had in 1973 for importing one tractor to sell 5 tons of tea, while in 1981 it had to sell 17 tons.¹¹ As a whole, however, in the latter half of the 1970's the value of the exports of the countries of the group in question more than doubled, while the purchasing power of the export proceeds increased only 11 percent.¹² The LLDC direct losses here in 1980 alone were in excess of \$3 billion. The trend toward the continued deterioration in the poorest countries' foreign trade positions is continuing at the start of the 1980's also following a certain improvement in the dynamics of world prices for energy resources.

Despite numerous agreements within the framework of GATT and the EEC on the creation of "special preference" status for the group of LLDC's, their exports are running into serious difficulties. As a result of the high dues levied on the markets of the EEC, the United States and Japan on commodities imported from the underdeveloped countries the latter's currency-finance losses are quite palpable.

The mass smuggling out of commodities, which is doing great damage to many LLDC's (losses of currency proceeds, uncollected customs dues and so forth), has become an acute problem. Its dimensions sometimes, according to certain estimates, amount to one-half of actual exports and are continuing to grow.¹³

The currency-finance difficulties of LLDC's are being intensified by these countries' unfavorable position in the sphere of international services: they run a steady deficit on the corresponding accounts, and expenditure was almost twice that of income in the 1970's, moreover. The foreign trade freight insurance and freightage situation is particularly unfavorable. The almost total dependence of the states of the group in question on the developed capitalist countries is revealed here; furthermore, the unfavorable geographical location of many countries of this group also has an extremely negative effect.

A positive, albeit still manifestly inadequate, role in foreign settlements is performed by proceeds from foreign tourism (\$400 million in 1980). In this sphere also there is undoubtedly potential for a pronounced and comparatively rapid improvement in the currency-finance position. The experience of a number of countries indicates that even the natural obstacles which are holding back the development of other sectors of the economy (the mountainous terrain in Nepal, for example, or the scantiness of land on the islands of the Maldives Republic) could be used in international specialization (tourism, for example). The development in a number of the poorest countries of other types of services like, for example, the servicing of ships and aircraft is also possible.

Emigrant worker transfers are a substantial source of the replenishment of currency resources for many LLDC's. In the period 1970-1980 the total result of private transfers to the said countries amounted to \$10.7 billion. However, the receipt of income from such sources under the conditions of extreme socioeconomic backwardness does not guarantee its productive use. The mass outflow of manpower from some of the poorest countries on the other hand--it is a question here of the most skilled or simply physically healthy people--is causing these countries' considerable losses.

Certain "nontraditional" income like, for example, transfers of pensions to former soldiers of armies of the colonial powers constitute quite a significant proportion of the balance of payments of many underdeveloped states; in Nepal transfers from Gurkha soldiers provide approximately one-fifth of foreign currency proceeds.¹⁴

The balance of payments deficit of LLDC's is basically covered with the aid of gratis subsidies and state credit and only to a negligible extent thanks to borrowing on the private capital markets and the influx of foreign investments. In the 1970's over four-fifths of external financial resources entered this group of countries on preferential terms (that is, gratis subsidies and also credit granted at artificially low interest compared with the market rate, thanks to which it incorporates a "subsidy element" constituting no less than 25 percent of the basic sum), including more than half from the developed capitalist states.

At the same time the amount and structure of the resources granted by the West manifestly fail to correspond to the scale of the socioeconomic backwardness and nature of the requirements of LLDC's. It is significant that they accounted for approximately 7 percent of the resources received by the developing world from the developed capitalist states on the eve and at the outset of the 1980's, that is, 1.8 times less than these countries' relative significance in the total population of the developing world (Table 2). Western "aid" is also allocated extremely unevenly among LLDC's themselves.

Table 2. External Sources of Financing of LLDC's (\$, billions, 1981)

| | <u>LLDC's</u> | <u>All developing countries</u> | <u>LLDC's Share (%)</u> |
|--|---------------|---------------------------------|-------------------------|
| Exports | 7.3 | 231.7* | 3.1 |
| Total influx of financial resources (subsidies and credit) | 6.8 | 96 | 7.1 |
| Assistance on preferential terms | 6.4 | 35.1 | 18.2 |
| Direct foreign investments** | 1.5 | 80.8 | 1.9 |
| Foreign debt (at end of year)*** | 21.8 | 344.3 | 6.3 |
| Relation on indebtedness to exports, % | 3 | 0.6 | -- |
| Foreign debt payments | 1.2 | 56.8 | 2.2 |
| Relation of debt payments to exports (%) | 16.9 | 10.2 | -- |
| GDP | 63.9 | 2,163.3 | 3 |

* Except for the main oil-exporting countries.

** Total amount at end of 1978.

*** The data on foreign indebtedness are adduced in respect of developing states embraced by the so-called "system of accountability of debtor countries" which is conducted in the World Bank and which includes 30 LLDC's (except for Bhutan, the Republic of Cape Verde, Guinea-Bissau, the Lao People's Democratic Republic, Sao Tome and Principe and Equatorial Guinea).

Estimated from UN Document TD/276/Add. 1, 27 April 1983, pp 2-3, 8, 2-23, 64-67; "Recent International Direct Investment Trends," Paris, OECD, 1981, p 46.

It has to be mentioned that this "aid" is dictated by no means by an aspiration to do away with the reasons forcing the poorest countries to resort to it. The basic motive behind the granting of financial resources is an endeavor to prevent a "turn to the left" in some countries and undermine development along the path of a socialist orientation in others. Closely linked with the economic and political interests of imperialism, this "aid" again and again reserves for many of the most backward countries the role of "suppliants". The West's numerous assurances concerning paramount attention to the needs of the poorest countries were also designed to conceal the change in the policy of the imperialist states in the sphere of financing the development of the emergent countries as a whole which was manifested in the 1970's. Its essence amounted to a reduction in preference aid and the reorientation of the developing countries toward international capital markets.

Although commercial loans perform a subordinate role in LLDC's, their foreign indebtedness, which was estimated at \$23 billion at the end of 1982,¹⁵ is proving extremely burdensome for the weak economy. The rate of debt accumulation here in the past decade was higher than in all the developing states as a whole. Obviously, urgent measures are needed to alleviate the grim currency-finance position of the world's most backward countries.

The role of foreign private capital in the economy of LLDC's is extremely negligible, they have accounted at the end of 1978 for only 1.9 percent of total direct foreign investments in the developing states.

Despite the acute shortage of resources (foreign currency particularly) for combating backwardness, some of the poorest countries are exporting financial resources. This is a new phenomenon in the developing world. Thus in the 1970's the Yemen Arab Republic and Bangladesh were relatively major investors in Western banks. At the end of 1978 North Yemen, for example, was sixth among developing countries with a surplus account balance in international banks: with a sum total of deposits of \$1.2 billion it has not had recourse to bank loans at all.¹⁶

Some of the poorest countries made direct capital investments in the economy of other states. This outflow of resources from LLDC's at the end of the 1970's was in excess of \$100 million a year.¹⁷ Financial resources are exported from these countries by no means owing to even a relative surplus thereof. It is testimony to the incapacity of the backward economy for ensuring the productive use of resources in the national economy.

One further channel of the outflow of currency resources should also be pointed out: in certain LLDC's representatives of the "upper stratum of society," the military-bureaucratic elite, open personal accounts in Western (more often than not Swiss) banks; there have been instances of the leaders of regimes fleeing abroad together with national currency valuables. Total losses connected with such phenomena are put at billions of dollars.¹⁸

Given continuation of the effect of the majority of the above-listed factors, the currency-finance position of LLDC's will remain extremely unfavorable in the coming decade. An aspiration to change the current situation is declared in numerous international programs of assistance to the countries of the group in question.

III

The problems of LLDC's are being discussed at representative international forums, in the United Nations included, and at UNCTAD sessions. The demand for an expansion of economic assistance to LLDC's and the granting to them of various privileges was an integral part of the program of a new international economic order. The special UN conference on LLDC's, which was convened in 1981 in accordance with the decisions of the UNCTAD Fifth Session, was intended to play an important part in the realization of this demand of the developing countries. In the course of discussion of the main document of this conference--"Basic New Action Program for LLDC's for the 1980's"--the developing states sought an increase in "official development aid" for countries of this group to 0.15 percent of the donor states' GNP by 1985 and to 0.2 percent by the end of the decade.

The United States adopted an extremely rigid position on this question. At the same time the Common Market countries, despite all the disagreements between them on the question of aid, formulated a compromise position, declaring their readiness in principle to allocate 0.15 percent of their GNP for the development needs of the poorest countries. The reluctance of the imperialist states to meet the LLDC urgent needs half-way is explained by the fact that this group of countries is not of appreciable interest to them at present as a source of raw material, a sales market and a sphere of capital investment. However, in the not-so-distant future the situation--to speak of at least some of these countries--could change appreciably in connection, for example, with the start of the industrial development of certain types of minerals. Thus Guinea concentrates approximately two-thirds of world bauxite reserves, Niger 10 percent of the uranium mined in the capitalist world and so forth. An exacerbation of global resource problems and the development of science and technology could increase the significance of these stagnating states, which are as yet only barely integrated in the world capitalist economy.

The basic factors determining the West's position in respect of the LDC are undoubtedly of a political nature. Many of these countries perform a pronounced role in the anti-imperialist struggle; some have opted for the path of a socialist orientation. At the same time the island states of this group and also Somalia, Sudan, Chad, Bangladesh and others occupy an important strategic position from the viewpoint of imperialism's global strategy. Furthermore, the developed capitalist states are taking into consideration the great significance of the problems of LLDC's for the developing world as a whole and the place of these questions in the strategy of the Group of 77. For this reason the predominant opinion in the West is still that it is inexpedient to reject the economic demands of the poorest countries completely.

Great significance in a solution of the problems of LLDC's is attached to the position of the remaining developing states. The coordinated actions of all developing countries could be a strong weapon, but the so-called South-South dialogue is for a number of reasons encountering serious difficulties. Under these conditions the representatives of certain emergent states are speaking increasingly often about assistance for their development as a "moral obligation" of the industrially developed states. The comparatively developed

countries of the peripheral zone of the world capitalist economy recognize here that it is difficult to demand privileges for themselves while leaving unattended the needs of LLDC's --the undisputed claimants to assistance.

The increase in fuel prices had a pronounced effect on the economic position of the poorest countries. The oil-exporting countries partially compensated for the losses of the other developing states, increasing economic aid to them. But this aid, albeit quite impressive in terms of its proportion of the donors' GDP, is of a sharply expressed regional thrust: the bulk thereof goes to the Arab and other Muslim countries, the majority of which is not among the least developed. The resources obtained from the oil exporters are allocated among them extremely unevenly: in the period 1977-1982 on average over two-thirds of the OPEC countries' bilateral assistance to LLDC's was received by Somalia, Sudan and the Yemen Arab Republic.

The role performed in aid to the most backward countries of the world by the socialist community states is considerable. Revealing the true causes of the disastrous position in LLDC's, they not only occupy a constructive position at international forums but are also rendering many of these countries effective assistance in many spheres of industrial and agricultural production, education and health care. Thus the volume of the USSR's economic and technical cooperation with LLDC's in the period 1976-1980 almost doubled compared with the preceding 5-year period. The Soviet Union grants this group of countries preferential long-term credit.

Our country's trade with this group of countries is also developing rapidly, and commodity exchange with it is increasing more swiftly, furthermore, than with the emergent countries as a whole. In accordance with the decisions of the 26th CPSU Congress, the volume of the Soviet Union's economic and technical cooperation with LLDC's will more than double in the present 5-year period; this rate will continue through 1990.

The socialist countries' policy of the development of economic cooperation with the states of the group in question on a comprehensive and long-term basis corresponds to the international development strategy for the current decade adopted by the United Nations and the program document "Basic New Action Program for LLDC's for the 1980's". No less important for these states is political support on the part of the socialist community.

At the same time the socialist countries from considerations of principle "regard the recommendations... on questions of financial and other assistance to LLDC's, within fixed parameters included, as being addressed to the industrially developed states of the capitalist system."¹⁹ For, as the declaration of the top-level CEMA economic conference (June 1984) emphasized, "responsibility for the age-old backwardness of the developing countries lies with the former metropolises and is inseparable from the policy being pursued currently even by the imperialist states and also from the activity of the international monopolies...." Those guilty of the difficulties being experienced by the developing countries, the text continues, "should considerably expand the transfer of resources in compensation for the losses caused as a result of colonial plunder and neocolonialist exploitation, reduce the developing states' debt burden and facilitate their access on beneficial terms to international

sources of credit." All this is intended to contribute to an improvement in the economic position of the developing countries, stability and a recuperation of the international climate as a whole.

The struggle of the USSR and the other socialist countries for peace, against adventurism in the policy of the ruling circles of the imperialist powers, for a halt to the arms race and for a reduction in military budgets and use of some of the assets thus released for the needs of the economic development of the young states corresponds to the vital interests of all the developing countries, including the least developed.

FOOTNOTES

1. In 1971 the UN General Assembly adopted a decision on the separation of an LLDC group for the purpose of formulating special measures designed to arrest a further increase in the discrepancy in development levels between them and the bulk of the emergent states. In accordance with this decision, 36 countries were included in the least developed category: in Africa: Benin, Botswana, Burundi, Upper Volta (now Burkina-Faso), The Gambia, Guinea, Guinea-Bissau, Djibouti, Cape Verde, the Comoros, Lesotho, Malawi, Mali, Niger, Ruanda, Sao Tome and Principe, Somalia, Sudan, Sierra Leone, Tanzania, Todo, Uganda, the Central African Republic, Chad, Equatorial Guinea and Ethiopia (26); in Asia and the Pacific: Afghanistan (in the period of the monarchical regime), Bangladesh, Bhutan, the Yemen Arab Republic, the People's Democratic Republic of Yemen, Laos, the Maldives, Nepal and Western Samoa (9); and one Latin American state--Haiti. The total population of the countries of the group in 1981 constituted over 290 million or 12.7 percent of the population of the developing world. For certain problems of these countries see also MEMO No 2, 1973, p 135 and No 8, 1977, pp 128-133.
2. See "A Typology of Nonsocialist Countries (Experience of a Multiple-Statistical Analysis of National Economies)," Moscow, 1976, pp 118-124.
3. Estimated from UN Document TD/276/Add 1, 27 April 1983, p 2.
4. UN Document TD/B/AC 17/16/Add 1, 10 January 1980, p 8.
5. Ibid., p 10; UN Document A/CONF., 104/2/Add 2, 22 June 1981, p 8.
6. V.I. Lenin, "Complete Works," vol 45, p 370.
7. UN Document A/CONF., 104/2/Add 2, 22 June 1981, p 7.
8. UN Document TD/276/Add 1, 27 April 1983, p 3.
9. Ibid., p 12.
10. "Handbook of International Trade and Development Statistics, Supplement 1981," New York, 1982, pp 25, 27.

11. THE THIRD WORLD QUARTERLY, January 1982, p 128.
12. Estimated from "Handbook...", pp 49, 268.
13. See JEUNE AFRIQUE, 23 September 1981, p 27.
14. See U.S. NEWS AND WORLD REPORT, 6 September 1982, p 64.
15. UN Document TD/276/Add 1, 27 April 1983, p 64.
16. P. Engellau, B. Nygren, "Lending Without Limits," Stockholm, 1979, p 27.
17. Estimated from "Balance of Payments Statistics, 1981," 1982, vol 32, part 2, pp 74-75.
18. See NEW AFRICAN, March 1983, p 27.
19. Joint statement of group D socialist countries at the UN conference on the LLDC's.

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PROSPECTS FOR WEST EUROPEAN GAS SUPPLIES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,
Sep 84 (signed to press 14 Aug 84) pp 136-140

[Article by P. Sergeyev: "West Europe's Gas Supply"]

[Text] Reader N. Sonina (Moscow) requests a description of the state and development of the West European countries' gas industry.

The exacerbation of the energy crisis in 1973-1974 confronted West Europe, as the entire capitalist world also, with complex problems. At the end of the 1960's the region was consuming almost 30 percent and producing only 10-11 percent of the fuel-energy resources of the nonsocialist world. As a result of the increase in world oil prices and the economic crisis of the mid-1970's the consumption of energy resources declined somewhat, however, in 1976 the record level of 1973 was exceeded by 2 percent. Whereas from 1970 through 1975 energy consumption in the region increased 8.6 percent, in the period 1975-1980 it increased 10.9 percent. Thus West Europe's energy consumption has continued to increase.

The Energy Balance and Fuel Gas

The high rate of development of energy consumption was accompanied by an intensive reorganization of the consumption side of the fuel-energy balance sheet. Coal has been superseded by more efficient types of fuel, primarily oil and natural gas, and also nuclear power. From 1960 through 1980 the proportion of solid fuel declined from 67.3 to 24.7 percent, while the overall proportion of oil and gas increased from 32 to 71 percent, including gas from 2 to 17.8 percent. In the period 1970-1980 the absolute amounts of fuel gas consumption increased by a factor of almost 2.7,* while coal consumption declined 7.1 percent.

These changes in consumption have not, however, been accompanied by an adequate growth of production in the national fuel-energy complexes. Whence

* As distinct from the United States, in the energy balance of the West European countries fuel gas began to play a pronounced part only in the 1970's: its share in consumption constituted 7.8 percent in 1970, 15.9 percent in 1975 and 17.8 percent in 1980 (for more detail see MEMO No 8, 1982, p 150; No 2, p 130).

the sharp decline in the West European countries' self-sufficiency in fuel and, particularly, hydrocarbon raw material. Whereas in 1950 Great Britain, the FRG, Belgium and Spain catered for their need for fuel-energy resources almost entirely through their own production and France, the Netherlands and Austria to the extent of almost 70 percent, by 1970 this indicator had declined in Great Britain to 55.5 percent, in the FRG to 53.4 percent, Austria to 44 percent, Spain to 30.7 percent, France 30.1 percent and Belgium to 21.4 percent. Italy's self-sufficiency constituted 17.8 percent, Portugal's 13.8 percent. The sole exception was the Netherlands, where in the period 1950-1970 this indicator rose from 68 to 76.6 percent. It had declined even further in all these countries (except for Great Britain and the Netherlands) by the start of the 1980's. The FRG, for example, was able to cater for its need for liquid fuel and fuel gas here thanks to its own resources to the extent of 4.2 and 30.3 percent respectively, France 2.6 and 29.9 percent, Italy 2.2 and 47.2 percent and Austria 12.6 and 38.1 percent, while such countries as Belgium, Spain and Portugal found themselves completely dependent on foreign oil and gas supplies. Paramount significance was attached to the problem of a reduction in imports.

Natural gas proved to be the sole energy carrier capable of substituting for oil on a substantial scale. It is with this that it is easy to replace fuel oil without considerable material outlays and technical difficulties in the majority of areas of use, with the exception of certain chemical processes and internal combustion engines.* The absence of harmful admixtures and the fullest combustion constitute additional advantages, thanks to which gas has earned the reputation of a "clean" fuel. Compared with other types of energy carriers, the consumption and technological properties of fuel gas have proven preferable both in the municipal-service sector and in many sectors of processing industry (metallurgy, chemistry, glass-ceramics, textile and food industry, machine building and others).

An increase in the volumes of gas consumption does not require the development of a special infrastructure and is not connected with the detachment of significant areas of land. The main shipment of fuel gas also has a characteristic singularity--the compressors are driven predominantly by gas turbines, which use as a fuel the gas being delivered. The process of direct gas supply is characterized by flexibility in supplies of the necessary quantity of fuel, given its high calorific value, continuity, reliability and high degree of automation. If necessary, the consumer may switch production equipment from fuel gas to liquid fuel or from liquid fuel to fuel gas by a simple adjustment without stopping production.

At the first stages fuel gas was used mainly by the housing and municipal-service sectors. It competed very successfully here with local coal and to a considerable extent with domestic liquid fuel (gas oil). As the distribution networks developed, gas consumption in these sectors increased constantly. By the start of the 1980's its share of the total consumption of fuel-energy resources in West Europe as a whole constituted almost 25 percent, 20 percent

* However, even now there are certain technical achievements in the sphere of the use of compressed natural gas as motor fuel.

in the FRG and France, approximately 30 percent in Italy and Belgium, percent in Great Britain and 76 percent in the Netherlands. The high density of urban development and the practical absence of district heating and the strict demands of the ecology will in the future also orient consumers in these sectors primarily toward fuel gas. An appreciable reduction in its consumption in the municipal-service sphere even under the conditions of intensive energy savings before the end of the century is not very likely.

Industry, in whose fuel supply gas has partly superseded coal and fuel oil, has become a major consumer. In West Europe as a whole the proportion of fuel gas in industrial consumption is over 20 percent. Gas is being used particularly intensively in chemical industry, where at the start of the 1980's it catered for almost 44 percent of energy requirements.

Among West European countries the greatest use of gas in industry is observed in the Netherlands (more than 48 percent of the consumption of fuel-energy resources in this sector) and Great Britain (30 percent). In Italy and Belgium this indicator equals 25 percent and over 20 percent in France and the FRG. The greatest amounts of gas are consumed in the base sectors--ferrous and nonferrous metallurgy and chemical and metal-working industry--that is, where its use makes it possible to appreciably reduce the costs and increase the efficiency of production. For this reason it is hardly likely that in the future some country might move toward a significant change in the energy consumption structure to the detriment of the interests of the development of these sectors.*

It is possible that the proportion of gas in the energy consumption of the basic spheres of the economy will decline somewhat as a result of economy measures and the transition to other energy sources. It cannot be ruled out that it could be superseded by coal in thermal power engineering, but for at least the next 20 years the level of consumption of fuel gas in industry and the municipal-service sector which has been reached will evidently be maintained. In recent years fuel gas has in a whole number of countries become a basic source of energy supply. It is performing the biggest role in the Netherlands, Great Britain and the FRG. Thanks to natural gas alone in 1982 the Netherlands catered for 49 percent of primary energy requirements, Great Britain 20 percent, Italy 17 percent, Belgium 16 percent and the FRG 15 percent.

Raw Material Potential

West Europe's natural gas industry began to develop following World War II. It was predominantly artificial gas which was consumed prior to this--coke-oven and blast-furnace gas and also gas obtained from coal and petroleum products. The quite active exploitation of national deposits began here only in the 1960's, and in Great Britain at the start of the 1970's even. Previously, owing to the difficult geological conditions of the occurrence of the beds, they were not developed. The rapid development of main transportation and gas distribution systems, achievements in the techniques of offshore gas production, its use in power engineering, everyday life and chemical industry

* See MEMO No 8, 1981, p 43.

and, finally, the introduction of gas-liquefaction techniques and the shipment of gas in methane tankers--all this brought about a sharp rise in many countries' interest in the more extensive use of this type of fuel.

West Europe's own natural gas reserves are low: it accounts for only 9 percent of proven reserves in the capitalist world. At the start of 1984 they amounted to 4,455,000,000,000 cubic meters, and 85.2 percent of them, moreover, belonged to three countries: Norway (37.4 percent), the Netherlands (31.8 percent) and Great Britain (16 percent).^{*} Recovery of gas resources in these countries was assured in these countries in 1982 for 67, 21 and 20 years respectively. In 1983 proven gas reserves increased in Norway by 22 billion cubic meters, Denmark by 17 billion and the FRG by 14 billion, but for the region as a whole increased only 0.4 percent compared with 1982. They declined most sharply in the Netherlands--by 53 billion cubic meters.

In the period 1965-1982 natural gas production in West Europe increased from 20 billion to 173.9 billion cubic meters, that is, more than eightfold. However, even such a growth failed to correspond to the structural changes and the increased consumption of fuel-energy resources in the region. The West European countries' self-sufficiency in gas declined in the 1970's from 98.1 to 83.8 percent and considerably more for some countries.

The region's main gas-producing country is the Netherlands. In terms of the dimensions of proven natural gas reserves (1,417,000,000,000 cubic meters at the start of 1984 or 2.9 percent of reserves in the nonsocialist world) it is second only to Norway. The Netherlands produces almost twice as much gas as Great Britain and three times as much as Norway.

The development of natural gas reserves in the country began in 1949 in the (De-Veyka) region, and the giant Groningen deposit was opened in 1959, this occupying at that time, according to proven reserves, third place in the nonsocialist world, behind only the gas deposits of the Panhandle (United States) and Hassi R'mel (Algeria). Industrial recovery began in 1963. Gas production grew rapidly and in 1976 reached the record level of 100.3 billion cubic meters. The country is also the biggest exporter thereof. In 1982 exports constituted 34.9 billion cubic meters, of which 48.9 percent went to the FRG, 19.2 percent to Belgium and Luxembourg, 15.9 percent to France, 14.8 percent to Italy and 1.1 percent to Switzerland.

As a result of the depletion of the Groningen reserves gas production has been declining since 1977 and in 1982 constituted 71.4 billion cubic meters. Study is being given to the possibility of an increase in the working life of Groningen by way of a reduction in export supplies, a cutback in domestic consumption and an increase in imports^{**} in order to preserve the high-grade gas of this deposit in the event of crisis situations in West Europe and national needs in the next century. At the final stage of development it is contemplated using Groningen as a gas holder--the biggest in West Europe.

^{*} Estimated from OIL AND GAS JOURNAL, 26 December 1983, p 80.

^{**} In 1982 some 3.2 billion cubic meters of gas were purchased in Norway, which catered for 9 percent of domestic consumption.

The deterioration in the prospects of gas production on land stimulated its development in the Dutch sector of the North Sea (57,000 square kilometers). Industrial production began there in 1975. Proven reserves on the Netherlands' shelf constitute approximately 300 billion cubic meters, and current production at 10 small deposits is roughly 12 billion cubic meters a year. Gas is shipped ashore by two underwater gas pipelines. In the future it is planned increasing annual production on the shelf to 15-20 billion cubic meters and maintaining this level through 1990.

The second biggest producer and exporter of natural gas in West Europe is Norway, which has significant resources of this energy carrier on the shelf. The area of the Norwegian sector is the most significant in the North Sea. It constitutes 140,000 square kilometers up to the 62nd parallel, and with regard for the areas north of it 900,000 square kilometers.

Industrial gas production on the shelf began in 1976 and has been increasing constantly since. Some 1.9 billion cubic meters were produced in 1977, 9.9 billion in 1978, 19.9 billion in 1980 and 26.2 billion cubic meters of natural and casing-head gas or almost 70 times more than in 1976 in 1981. In 1982 production declined to 24.4 billion cubic meters (14 percent of the overall indicator for the West European countries).

The basic singularity of Norway's gas industry is the predominant orientation toward exports, which constitute approximately 96 percent of commodity production. Since 1977 gas of the Norwegian sector has been shipped to the continent by the Ekofisk (FRG) underwater gas pipeline. In 1982 some 39.5 percent of the exported volume was purchased by Great Britain, 29.5 percent by the FRG, 12.4 percent by the Netherlands, 10.5 percent by France and 8.1 percent by Belgium. Gas has been supplied to Great Britain since 1977 by the Frigg--St Fergus underwater main.

The intensive development of the country's gas industry is based on a quite vast raw material base--proven natural gas reserves in Norway are increasing constantly: at the start of 1979 they constituted 473 billion cubic meters, 1,209,000,000,000 in 1981 and 1,665,400,000,000 cubic meters or 37.4 percent of West European reserves by 1984. A gas-collecting system is currently being installed to supply the continent with up to 25 billion cubic meters of gas a year. At the same time, however, the capacity of the Ekofisk--Emden gas pipeline does not exceed 22 billion cubic meters. There are plans to ship additional quantities of Norwegian gas to the continent through the British sector or the Danish system. However, their realization appears unlikely even in the long term inasmuch as huge capital investments and the difficult concurrence of energy strategies of all the countries concerned are required.

Intensive work on rigging out a number of new oil and gas deposits on the shelf is continuing. However, their development could be impeded to a considerable extent for technical and economic reasons. For example, the major Troll deposit, whose positive reserves are put at 480 billion cubic meters and probable reserves at 1.1 trillion cubic meters, is situated in very harsh latitudes and at a sea depth approximately twice that of current developments. For this reason expenditure on its development and exploitation is still uncertain. Obviously, these reserves will be developed in time. But, according to specialists' estimates, gas from Norway's new deposits will appear in West Europe no earlier than the start of the 1990's.

Great Britain--the third biggest gas-producing country in West Europe--has industrial reserves of natural and casing-head gas on the shelf (the area of the sector of the North Sea constitutes 270,000 square kilometers). Prior to the start of the industrial development of the reserves, small quantities of natural gas (approximately 190 million cubic meters a year) were produced at small onshore deposits.

A law was enacted in 1964 in accordance with which all mineral resources on the country's continental shelf were declared the property of the state. The first licenses were then issued for surveying-prospecting operations in the British sector of the North Sea. The first major deposit--West Sole--was discovered at the end of 1965, and in 1967 its gas began to supply the Sheffield area. Production on the shelf grew with every year and in the period 1965-1982 increased by a factor of 180 almost to 36.1 billion cubic meters of gas, which constituted 20.8 percent of its production in West Europe. Several oil and oil and gas deposits now produce gas in the British sector. Structural-exploration drilling is under way intensively in the northern part of the sector.

With the completion of the construction of a new gas-collecting system in the British sector of the North Sea (after 1985) capacity for the production, collection and shipment of gas could constitute 40-50 billion cubic meters a year. Currently the country satisfies 75 percent of its requirements thanks to its own gas. At the same time, however, Great Britain is continuing to increase its imports from Norway. This is connected with the fact that the gas reserves on the British shelf are to a considerable extent exhausted* and after 1985 it is contemplated stabilizing production at the level of 40 billion cubic meters a year.

Forecast of Natural Gas Production in the Period 1985-2000 (Billions of Cubic Meters)

| | <u>1985</u> | <u>1990</u> | <u>2000</u> |
|-----------------------|-------------|-------------|-------------|
| West Europe, total | 189-195 | 174-191 | 125-181 |
| including: | | | |
| Netherlands | 75 | 60 | 25 |
| Norway | 35 | 36-42 | 36-63 |
| Great Britain | 42 | 40-44 | 36-48 |

Source: GAZOVAYA PROMYSHLENNOST' (GAS INDUSTRY) No 1, 1983, p 47.

The table contains an estimate of the prospects of domestic natural gas production in West Europe and in the main gas-producing countries of the region. According to the forecasts, production will grow through 1985, and then a steady decline therein is anticipated. This is connected with the depletion of the gas deposits on land (primarily in the Netherlands) and on the shelf (Great Britain) and the increase in the volumes of the pumping of gas into productive beds for an increase in the oil yield of North Sea deposits in the British

* Some 711 billion cubic meters at the start of 1984.

and Norwegian sectors. Besides, the gas-production potential of Norway and Great Britain in the offshore deposits is determined and will be determined in the future by the capacity of the gas-collecting and gas-shipment systems on the shelf, which has remained quite stable for a long period.

In the immediate future the countries engaged in gas production will be joined by Denmark, which has proven reserves thereof of the order of 82 billion cubic meters (at the start of 1984 the area of the Danish sector of the North Sea was 74,000 square kilometers). The development of the national gas-distribution system, which in the south of the country is linked with the West German system and in the north may be continued into Sweden, is continuing in the country currently. Prior to the start of the industrial exploitation of its own offshore deposits Denmark is obtaining gas from the FRG: since October 1982 the Ruhrgas firm has been supplying 700 million-1 billion cubic meters of natural gas a year. After Denmark's own gas-collecting system begins operation, it will, in accordance with the terms of the deal, compensate the FRG for the amounts obtained. In 25 years following the start of gas production on the shelf it is contemplated channeling to consumers approximately 55 billion cubic meters* (minus the compensation amounts for the FRG, it will go mainly toward meeting domestic social needs). Exports to Sweden are possible also.

The gas industry has made a pronounced contribution to the structural changes of West Europe's fuel-energy base. Without this, the degree of dependence of the countries of the region on imports of energy resources would have risen to a considerably greater extent. However, this has not done away with the general considerable lagging of domestic energy production behind consumption.

Natural Gas Imports

The strengthening and expansion of the technical base of the gas shipment, distribution and use systems continuing in the West European countries testify to a strategic orientation toward maintaining and increasing the level of its consumption which has been reached. This level cannot be secured, however, without large-scale import purchases, which governments and business circles of the West European countries are undoubtedly taking into consideration in their policy.

It is anticipated that the relative significance of imported natural gas in West Europe's gas supply could have risen to 50 percent by the year 2000, and a considerable proportion of the supplies will, furthermore, be secured thanks to the USSR, Algeria, Libya and, possibly, Nigeria.

The biggest purchasers of gas in West Europe are the FRG, France, Italy and Belgium (including Luxembourg's gas-supply systems) and also Great Britain--these countries alone in 1982 accounted for 48 percent of total gas imports by nonsocialist countries. They are constantly engaged in an active search for possibilities of further increasing imports and diversifying sources thereof. Spain, Finland, Austria, Switzerland and other countries are increasing their purchases. Imports thereof by all the West European states from third

* NOROIL No 1, 1984, p 55.

countries in 1982 constituted almost 35 billion cubic meters, exceeding the 1980 level 22 percent. Its share of the consumption of natural gas in the region here constituted 16.6 percent. In 1982 supplies from the USSR accounted for 72.4 percent, from Algeria 25.3 percent and from Libya 2.3 percent of the volume of imports from third countries.

Gas is received in West Europe from the Soviet Union by gas pipelines (the new Urengoy--Uzhgorod export main began operation in January 1984). The North African countries deliver the gas in liquified form by tanker and since June 1983 by the Algeria--Italy underwater gas pipeline.

The development of the trade in natural gas in the region will depend to a considerable extent on its consumption prospects, which, in turn, will be determined by the rate of economic growth, changes in gas prices compared with the main competing types of fuel (fuel oil, gas oil, coal) and also by the policy of the states concerned in the sphere of energy supply. In recent years economic and political problems of the development of the natural gas market have been assuming increasingly great significance for business circles and governments of the West European countries. This is connected with the quite high proportion of fuel gas in the consumption of primary energy resources and its role in the development of the economy and the high properties of natural gas in the energy and ecological respects.

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IMEMO SERIES ON CAPITALIST STATES: VOLUME ON GREAT BRITAIN

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,
Sep 84 (signed to press 14 Aug 84) pp 144-146

[R. Solodkin review: "Present-Day Monopoly Capitalism"]

[Text] The monograph in question* was prepared by a large group of scientific associates specializing in various problems of Great Britain's domestic and international position. All the greater is the merit of the authors and editors: they have succeeded in writing a book which in structure and content is distinguished by substantial intrinsic integrity.

The first chapter examines discursively, enlisting a great deal of factual material, Britain's place in the contemporary capitalist world. The experts draw attention to the discrepancy between the weakening, but still very strong positions of the British monopolies in the export of capital and the international banking system (and also London's continuing role as a leading finance center and focal point of commodity markets) on the one hand and the considerably undermined positions in industrial production and world trade on the other.

"In other words," the book says, "Britain still occupies a special place in the world capitalist economy, and the economic power of British imperialism is, as before, far greater than the potential of its national economy. While inferior not only to the United States but also Japan, the FRG and France in the majority of indicators of economic activity Great Britain remains the second country after the United States 'in terms of the power of capital'. Like American imperialism, British imperialism has a vast overseas 'economic empire'" (p 23). It is observed, in particular, that Britain is in second place in the world in terms of total overseas capital investments.

The second chapter of the book is devoted to an analysis of the production forces and their use and also to the production structure in the sectorial and regional aspects. Trends toward an increase in the relative significance in the gross domestic product of the energy sectors and a decline in the proportion

* "Velikobritaniya" [Great Britain], exec. editors: Doctor of Historical Sciences S.P. Madzoyevskiy and Doctor of Economic Sciences Ye.S. Khesin, Moscow, Izdatel'stvo "Mysl'," 1981, 429 pages.

of processing industry and employment therein with a very substantial growth of the significance of the nonmaterial sphere are justifiably noted on the basis of an analysis of data for quite an extended number of years (the 1950's-1970's) (pp 48-49).

Concluding the analysis of the state of the production forces and the production structure of Great Britain, the authors conclude that the 1970's exacerbated its economic problems, although at the same time a number of important new factors appeared in the country's economic life which required a reorganization not only of the sectorial and organizational-technical but also monopoly structures of the economy. "The 1970's," the monograph observes, "were marked by the increased concentration and centralization of production and capital and a growth of the monopolies. These processes embraced firms, sectors and the economy as a whole" (p 74).

The work's study of the changes in the process of the concentration of production and capital (Chapter III), the new features of state-monopoly regulation of the economy (Chapter IV) and its impact on the reproduction process (Chapter V) is of particular interest in this connection.

The high point in the dynamics of the concentration of capital was 1972, which was connected, the authors believe, with the preparations for and Great Britain's entry into the EEC and the sharp exacerbation of competition on world markets. After several years of relative calm in connection with the 1974-1975 crisis and the subsequent prolonged depression of 1976-1977, a wave of mergers and takeovers again reached a record level in 1978, "when over 1.1 billion pounds sterling were spent on them" (p 75). As a result in the vast majority of subdivisions of processing industry five leading companies concentrate more than half the sectorial manpower, sales and net output. In the progressive modern sectors of the economy, which require, in addition, large-scale capital investments, these indicators are even higher (ibid.).

Analyzing the changes in the structure of the monopolies of the credit-finance sphere, the experts observe that at the frontier of the 1980's "the principal trend in the development of finance groups--the increase in the diversified (intersectorial) nature of their activity--was paving a way for itself increasingly. Taking advantage of London's enhanced role as the world's biggest finance center, these groups are increasing capital investments in the new, rapidly developing industrial sectors. As a result there has been an extraordinary stimulation of the mutual penetration of the finance groups leading to an interweaving of their interests on the one hand and to competition between them, the 'erosion' of groups which had already taken shape and the emergence of new financial-monopoly groupings on the other" (pp 96-97).

A no less important singularity of the development of Great Britain's finance groups in the 1970's was the strengthening of their international nature. They are transferring an increasingly large part of their production capital out of the country and on the domestic market readily resorting to cooperation with foreign finance groupings. As the work emphasizes, the monopolies' capture of the decisive positions in Britain's economy and in the sphere of its

international relations confirms under new historical conditions the soundness of V.I. Lenin's proposition that the "arrogant 'bossing' of the capitalist monopolies will inevitably become... the domination of a financial oligarchy" (pp 100-101).

The weakening of Great Britain's positions in the world economy and the general deterioration in the economic situation in the capitalist world have required the increased intervention of the bourgeois state in all elements of reproduction. At the frontier of the 1980's the ramified system of state regulation of the economy was unequalled in the big capitalist countries in terms of the relative significance of its intermediary state expenditure in the national-income--more than 50 percent (p 102). Criticizing the reformist limitedness of Labor's Keynesian concept and the antiworker nature of the monetarist principles and methods of regulating the economy of the Conservatives, the authors rightly emphasize that the events of the past decade point to a profound crisis of the mechanism of state-monopoly regulation. Examining the basic features and contradictions of the reproduction process in the 1970's, they show convincingly that the bourgeois state has been unable to solve or even approach a solution of the problems confronting the country (p 170).

Perhaps the sole sphere in which British state-monopoly capitalism has scored "successes" is the military-industrial complex. In terms of the level of development of the military industry Britain continues to occupy a leading position in West Europe, behind France, but ahead of the FRG. Military production swallows up an appreciable proportion of resources so much needed "for the recovery of British industry." All this is limiting the development of many promising sectors. The growth of military spending is, as the book shows convincingly, a most important cause of the inflationary processes (p 147).

The changes in Great Britain's socio-class structure are shown quite graphically in Chapter VII. The authors emphasize that "Britain remains a country with sharp class inequality" (p 240). Questions of the deterioration in the position of the working class as a consequence of mass and static unemployment, increased retail prices for goods and services and measures on the part of the government to constrict the activity of the social infrastructure (education, the health service, housing provision and so forth) are comprehensively illustrated in Chapter VIII.

In studying problems of domestic policy (Chapter IX) the authors show the reactionary essence of the "new Tories" headed by M. Thatcher. This policy is actively opposed by forces of the left of the worker and democratic movements. A particular place among them is occupied by the Communist Party of Great Britain, "which unites in its ranks the most consistent and purposeful fighters for the fundamental interests of the working class and the broad working people's masses in general" (p 318).

The set of foreign policy questions which are studied (Chapter X) is closely linked with problems of foreign economic relations (Chapter VI), which are of

particular importance for Great Britain in connection with their increased role in the development of the economy. Together with a description of the means and methods of encouraging the foreign economic expansion of the British monopolies and the forms of Britain's participation in the international division of labor under current conditions the authors paint a picture of Great Britain's economic relations with the socialist and developing countries.

The section "Great Britain's Participation in the EEC and the Changes in Anglo-American Economic Relations" is of great interest. The monograph rightly observes that London, while gambling on West European integration, is endeavoring to maintain close economic relations with Washington. The events of recent years confirm this particularly clearly. Not having achieved tangible successes in the consolidation of their positions in the EEC, Britain's monopolies have recently been earnestly intensifying trade-economic relations with the United States. It becomes clear in the light of this why London, disregarding the interests of its other partners, champions in the Common Market an open doors policy for industrial products and agricultural produce of the United States, while Washington is waging a "trade war" against many agricultural and industrial commodities of the EEC and intensifying by its economic policy the serious difficulties being experienced by the countries of this grouping.

The increased accent in London's policy in favor of "Atlantism" is being accompanied by a growth of contradictions within the EEC and is exerting a direct influence on the entire set of socioeconomic and political questions and contradictions with which Britain entered the 1980's. "The Atlantic orientation together with a West European orientation remains a characteristic feature of British foreign policy, and the problem of the formation of a correlation between these two orientations affects almost all aspects of this policy" (p 356). The book concludes with a convincing analysis of the central problems of Great Britain's foreign policy of the 1970's and the start of the 1980's.

Despite all the undoubted merits of the study in question, certain reprimands may be addressed to its authors. Thus it is hardly correct to consider that "a reduction in state intervention in the economy has become a central plank of the economic program of the Conservative government headed by M. Thatcher" (p 167). This intervention has not diminished, it has merely assumed other forms. Problems of Britain's transnational corporations and their role in Great Britain's economy and policy are not properly examined. They are written about only fleetingly in a paragraph on page 84.

An analysis of the influence on Great Britain's economy of the rapidly growing production of oil and gas in the British sector of the North Sea has remained in the background. Yet the value of the oil and gas produced constitutes 5 percent of the country's gross domestic product, which is twice agriculture's share therein. Huge sums in the form of taxes from the oil exports are performing a decisive role in the balancing of Britain's international payments. And, finally: while rightly emphasizing Great Britain's efforts to speed up commodity exports, it would have been fitting to have mentioned the failure of its ruling circles' plans to achieve a recovery in the development of the economy on the basis of an expansion of finished industrial product exports.

As a whole the book is an undoubted success for the group of authors. The breadth and diversity of the subject matter and the depth of the study of complex and most topical problems merit the attention of many specialists, particularly international economic experts.

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VOLUME ON NONMILITARY INSTRUMENTS OF U.S. FOREIGN POLICY

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,
Sep 84 (signed to press 14 Aug 84) pp 153-155

[N. Kosolapov review: "New Aspect of Imperialist Policy"]

[Text] The arsenal of imperialism's power politics has always also included nonmilitary weapons--economic aggression (with the help of use of the achievements of the scientific-technical revolution included), foreign trade blockade, financial blackmail and, of course, "psychological" warfare. But the ruling circles of the West, primarily of the United States, began to display particular attention to these weapons in the 1970's. Both under the influence of the changed correlation of forces in the world, which has limited imperialism's military possibilities, and because the course of historical development inexorably testifies that even individual "successful" military adventures of imperialism ultimately inevitably end for it in moral and political defeat.

For the first time in Soviet literature the book in question* analyzes both the theoretical views of U.S. bourgeois political science on this problem and Washington's practical use of economic, scientific-technical, ideological and political-diplomatic instruments of power pressure. The author rightly stresses two aspects here.

First, "the attention to nonmilitary components of power and nonmilitary instruments of foreign policy is not in itself new for American foreign policy. Back on the threshold of the 19th century Thomas Jefferson called for an adequate assessment of the possibilities of 'peaceful methods of compulsion'" (p 57). Nor can we fail to recall in this connection the attempts by ruling circles of the West, including the United States, following the first failures of the armed intervention against the young Soviet Russia, to strangle socialism in our country "by the bony hand of hunger". In just the same way, I. Sheydina observes, "today also American politicians and theorists are pinning their hopes increasingly on keeping the nonsocialist world in the orbit of the United States' foreign policy influence with the aid of a play not only on the

* I.L. Sheydina, "Nevoyennyye faktory sily vo vneshney politike SShA"
[Nonmilitary Power Factors in U.S. Foreign Policy], Moscow, Izdatel'stvo
"Nauka," 1984, 351 pages.

food but also the financial and technological 'hunger' of the emergent states aspiring to complete national independence and embarking on the path of intensive economic development" (pp 6-7).

Second, the development and use of nonmilitary weapons of power politics is in no way conceived by U.S. ruling circles as some alternative to military means. On the contrary, it must always be remembered, the author emphasizes, that these weapons "are manifested and employed, so to speak, against the background of (at best) and sometimes in interaction with the military, armed force of the United States and its military bloc allies" and in most recent years against the background of an active and substantial buildup of all types of arms (p 5). In other words, it is a question of attempts to expand both the arsenal of the power means of imperialist policy and the complex of ideas concerning the ways and methods of using these means individually and in various combinations.

In principle, obviously, all channels, forms and means of international intercourse and interaction--economic, scientific, cultural and so forth--may be used not only as instruments of cooperation but also for the purpose of confrontation. In the latter case their use would be of a power nature and would be a manifestation of imperialism's power approach to the building of international, including interstate, relations. A specific singularity of the current stage of the evolution of U.S. foreign policy from this viewpoint consists of the attempts by the theorists and ideologists of imperial policy to impart an absolute nature to the problem of power and the combination under specific conditions of different forms thereof, methods of their use and "dosages".

The chief merit of this book is, we believe, the fact that it has begun the development of a seam in the Marxist-Leninist study of the foreign policy of contemporary imperialism as a whole and of the United States in particular which is very considerable in volume and potentially very important. In this sense the monograph is of an undoubted innovative nature in its sphere of research.

The very approach to an analysis of such a complex subject adopted by the author presupposes the existence of a certain "minimum competence" in a number of related fields: in the history of bourgeois political and foreign policy thought, economics, philosophy, diplomatic history--a complete list would probably prove quite long. The transfer of the achievements of related disciplines to an investigation of the chosen sphere here is a creative process requiring in-depth penetration not only of the subject of the analysis proper but also of the category apparatus and concepts of related scientific fields.

A scholar embarking on an analysis in the sphere of the theoretical study of international relations and states' foreign policy is confronted with a task of considerable proportions requiring for its accomplishment a great exertion of forces--performing a colossal amount of scientific-auxiliary work before merely the first approach to the main subject of the research becomes possible. One constantly perceives that such work was performed and has produced full-value returns when reading I. Sheydina's book.

The point of departure in the author's analysis of the correlation and mutual complementariness of the different forms of power in U.S. foreign policy are the class goals of imperialist policy. It is they which in our time are prompting the ruling circles of imperialist states, primarily the United States, to aspire to create a controlled set of means of influencing the international economic and political environment, in which nonmilitary forms and means of policy would underpin as fully as possible the traditional military means and compensate for some "shortcomings" of a military-power approach, particularly the latter's lack of the desired flexibility and discrimination in influencing the socioeconomic situation in the countries which are the targets of imperialism's aggressive aspirations.

The pronouncement of such an authoritative specialist on questions of U.S. foreign policy as Gen E. Goodpaster, former commander of NATO armed forces, whom the book quotes, is characteristic in this respect. "It should not be concluded," he wrote in the mid-1970's, "that military power and force of arms will perform a secondary or negligible role in establishing a hierarchy of influence in the more ramified system of international relations which is taking shape. War will remain an accessible tool of states' national policy...." In addition, he believes, the military strength of a big power will as a minimum exert effective psychological influence on how frequently such conflicts arise and what their outcome is. Nonetheless, it is nonmilitary factors which to a considerable extent predetermine the effectiveness of the military strength of this power or the other upon the accomplishment of both purely military and nonmilitary tasks (pp 47-48).

I. Sheydina analyzes in depth the complex dialectics of imperialism's power politics under the conditions of the modern world. She observes, in particular, that "even the present apologists of military strength and the arms race in the United States cannot fail to realize that the majority of the problems which the United States is encountering in the world arena cannot be solved with military power" (p 346). But the aspiration to pursue power politics dictated and underpinned by the very nature of imperialism remains; the previous nature of imperialist, imperial policy remains also.

It is difficult not to agree with the author's conclusion that in the 1970's detente objectively "undoubtedly emphasized the significance of nonmilitary factors" both in the foreign policy of the United States and also in the broader context of international relations as a whole. "However," she continues, "the mere fact of the increased role of nonmilitary power factors under current conditions is by no means tantamount to an automatic increase in the importance of cooperation as a counterweight to rivalry and will not of itself lead to a reduction in tension in the world," and "the expanded use in the world arena of nonmilitary factors cannot of itself be a guarantee either of peace or stability" (pp 346, 347). Washington's reluctance to consent to maintain even simply normal, correct relations with the socialist states, its lack of interest in constructive dialogue with the developing countries and its disregard for the truly vital interests even of states which are its allies--such are the distinguishing features of the contemporary foreign policy of the United States, which is oriented primarily toward the power use of nonmilitary policy instruments. And the author shows this very convincingly and conclusively.

The work in question is also very topical in one further respect. The ways and forms of the development of international relations in our day are a principal direction of a most acute political and ideological struggle. The propaganda services of the West, primarily of the United States, have exerted much effort in attempting to "prove" to virtually the whole world that without the West's scientific-technical assistance and without Western capital there can be no progress. And to obtain these "capitalist benefits" "behavior" of the recipient which suits the West is, naturally, required. The idea of the impossibility of successful progress along the path of economic building without "Western technology" is being actively foisted on the socialist countries. The developing countries are being told right out that they must create favorable conditions in their states for the activity of private capital and the transnational corporations. All this is being presented virtually as a "scenario" and guarantee of the ideal future of all mankind.

The author exposes such myths cogently and on the basis of a great deal of factual material and shows that behind Western, primarily American, "aid" stands by no means altruistic motives but the same aspirations to the establishment of its own hegemony. In respect of the socialist states nonmilitary power factors and their application directly or indirectly are interpreted as an instrument of foreign policy blackmail designed to bring about in these countries "internal changes" desirable to the United States and the NATO bloc. This approach is also displayed by American theorists and practitioners in respect of the developing states, where verbiage concerning a readiness to build new economic relations in fact conceals the intention of U.S. ruling circles to entangle the countries of this group in additional chains of dependence on the capitalist world.

Naturally, one perceives a certain incompleteness and insufficient development of certain directions within the main theme in a study of such a scale. But we will not dwell on the omissions. It is to be profoundly regretted that the author will no longer be able to continue work on this so important a problem. Other Soviet researchers of the role and place of nonmilitary power factors in international relations and in the foreign policy of imperialism, however, will undoubtedly go further, relying on the monograph in question, which by the will of fate became the worthy culmination of the brief, but highly fruitful working life of I.L. Sheydina.

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